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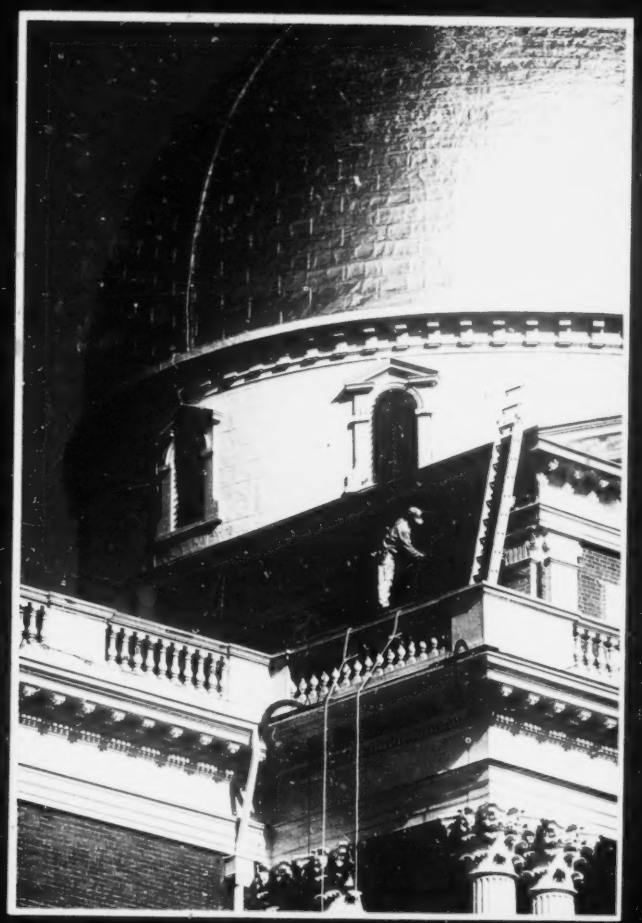
The Commonwealth of Massachusetts



Comprehensive Annual Financial Report
for the Fiscal Year Ended June 30, 1987.

Michael S. Dukakis,

Frank T. Keefe,

Ellen M. O'Connor,

The Commonwealth of Massachusetts

Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 1987

Executive Office for Administration and Finance

Office of the Comptroller

Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 1987

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Commonwealth Officers

Constitutional Officers

Michael S. Dukakis ..... *Governor*

Evelyn F. Murphy ..... *Lieutenant Governor*

Michael Joseph Connolly ..... *Secretary of State*

James M. Shannon ..... *Attorney General*

Robert Q. Crane ..... *Treasurer and Receiver General*

A. Joseph DeNucci ..... *Auditor*

Legislative Officers

William M. Bulger ..... *President of the Senate*

George Keverian ..... *Speaker of the House*

Judicial Officers

Edward F. Hennessey ..... *Chief Justice, Supreme Judicial Court*

John M. Greaney ..... *Chief Justice, Appeals Court*

Arthur M. Mason ..... *Chief Administrative Justice, Trial Court*

The Commonwealth of Massachusetts

ELLEN M. O'CONNOR
COMPTROLLER

The Commonwealth of Massachusetts

Executive Office for
Administration and Finance
Office of the Comptroller
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727-0000

January 12, 1988

To the Citizens of the Commonwealth of Massachusetts, Governor Michael S. Dukakis, and the Honorable Members of the General Court:

In accordance with Section 12 of Chapter 7A of the General Laws, the Office of the Comptroller transmits the Comprehensive Annual Financial Report for the fiscal year ended June 30, 1987. The publication of this Report represents the culmination of fiscal year 1987 financial management. This Report includes two sets of financial statements: those prepared in accordance with generally accepted accounting principles (GAAP); and those prepared using the budgetary (modified cash) basis of accounting. The Office of the Comptroller is responsible for the fair presentation of the statements on the Commonwealth's financial position and the results of its operations. I believe this report includes the necessary information for the reader to obtain a comprehensive understanding of the financial affairs of the Commonwealth.

The financial condition of the Commonwealth continues to be strong. Under the GAAP basis of accounting for the General Fund, the Commonwealth's performance resulted in a total fund equity of $453.2M. When reported on the budgetary basis of accounting, which is used for developing the state budget and controlling daily activities, the General Fund has reported a total fund equity of $554.9M.

Independent Audit

The firm of Touche Ross & Co. together with the subcontractors of Paul J. Gerry CPA, PC, Daniel Dennis and Co., and Margaret Carr CPA, have performed an independent audit of the Commonwealth's general purpose financial statements. The opinions of the independent certified public accountants are contained in the Financial Section of

this Report. This is the second consecutive year that the Commonwealth's general purpose financial statements have received an opinion from independent auditors, as presented on both a GAAP and a budgetary basis of accounting. Also for fiscal year 1987, the resources of the State Auditor's Office and certain internal audit groups (such as the Department of Revenue) were coordinated to accomplish a more effective year-end closing to the accounting system. The State Auditor's Office was especially helpful in reviewing department compliance with Comptroller's directives regarding FY87 revenue cutoff.

Reporting Entity

The Comprehensive Annual Financial Report includes the 166 departments, agencies, boards, and commissions governed by the legislature, judiciary, and constitutional offices of the Commonwealth of Massachusetts. These one hundred and sixty-six Departments, Agencies, Boards, and Commissions are in the state accounting system.

For the second straight year the financial statements prepared on the GAAP basis include an additional thirteen authorities as Enterprise Funds. These component units meet the oversight criteria established by the Governmental Accounting Standards Board for incorporation into the governmental reporting entity in this report. These 13 entities are not on the state accounting system. Information detailing the financial activity of each enterprise entity appears in the Combining Financial Statements for Enterprise Funds and in the Notes to the Financial Statements.

Accounting System and Budgetary Control

In fiscal year 1987 the Commonwealth implemented a new accounting system called the Massachusetts Management Accounting and Reporting System (MMARS). This new automated system exhibits all the features and characteristics of current technology and has been explicitly designed to support the diverse and complex requirements of modern state government. MMARS has now replaced the twenty-year-old accounting system which had become obsolete.

Budgetary control in the various accounts of the 81 funds of the Commonwealth is enforced in MMARS. The Legislature authorizes expenditures through appropriations in the annual and supplemental budgets. After proper notification by the Fiscal Affairs Division of the Executive Office for Administration and Finance, these appropriations are posted to MMARS. The Comptroller's Office controls subsequent departmental obligation and expenditure activity to ensure that the authorized appropriation is not exceeded. As an additional element of

budgetary control, the Comptroller's Office through MMARS requires that all decisions leading to eventual expenditures be checked for appropriateness before the purchase order or similar encumbrance is issued.

The Commonwealth's budgetary financial statements are prepared on a modified cash basis of accounting. This means that revenues are recognized when received, except for certain Federal reimbursements for which an accounts receivable is also recorded; expenditures are recognized when paid. The balance of encumbrances not yet paid as of June 30 is recorded as an accounts payable. Additional description of the budgetary basis of accounting is contained in the Notes to the Financial Statements.

The Commonwealth's GAAP financial statements for the governmental funds, expendable trust funds, and agency funds have been prepared on a modified accrual basis of accounting. This means that revenues are recorded when measurable and available; expenditures are recognized when goods or services are received or liabilities incurred. The enterprise funds, non-expendable trust funds, and pension trust funds are accounted for on the accrual basis of accounting. Again, additional description of the GAAP basis of accounting is provided in the Notes to the Financial Statements.

The state accounting system, MMARS, maintains all transactions on the budgetary basis and most transactions on the GAAP basis of accounting. Also, some separately selected information provided by the state departments is compiled to complete the GAAP financial statements. The differences between the two bases of accounting are described in three categories: 1) entity differences, that is, the GAAP reporting entity may include organizations (such as Authorities) that are not part of the state budget; 2) basis differences, that is, GAAP uses accruals and the budgetary is essentially cash; and 3) timing differences, for example, GAAP applies a cutoff for payables to goods and services received whereas the budgetary basis also includes outstanding (not yet paid) encumbrances as part of the payables. A reconciliation between the GAAP basis financial statements and budgetary basis financial statements is included in the Notes to the Financial Statements.

General Government Operations

The Commonwealth uses a structure of a General Fund and twenty-six Special Revenue Funds. These funds show a substantial increase in both revenues and expenditures over fiscal 1986.

Revenues

(in millions)	*1987*	*1986*	*Change*	*%*
Taxes	$ 8,147.3	$ 7,511.1	$636.2	8.5
Federal Grants & Reimbursements	2,077.9	2,058.5	19.4	0.9
Other Revenues	2,061.7	1,841.9	219.8	11.9
Total	$12,286.9	$11,411.5	$875.4	7.7

An overall increase in revenues was accomplished in fiscal year 1987 compared to fiscal year 1986. Within this trend, significant increases occurred in tax revenue such as income taxes (10.4%) and sales and use taxes (9.1%). Also large increases were noted in other revenues such as lottery (19.6%) and motor vehicle licenses and registrations (15.8%). A small decrease in federal grants (-1.8%) and small increase in federal reimbursements (2.6%) also occurred.

One of the significant events with regard to revenues in FY87 was activation of the state tax cap, Chapter 62F of the Massachusetts General Laws. This law requires each year that a comparison between certain taxes be made and, after application of certain adjustment factors, any excess state tax revenue be refunded to the taxpayers. At the conclusion of FY87 the State Auditor's Office determined a tax refund of $29.2M will be made to taxpayers during the course of FY88. Accordingly, a liability has been recorded in this amount in the financial statements to reflect this tax refund payable. A bill filed by the Governor and currently pending in the Legislature sets out the method by which this refund will be made.

Expenditures

(in millions)	*1987*	*1986*	*Change*	*%*
Legislative, Judicial, Executive, and Constitutional Offices and Independent Commissions	$ 2,635.2	$ 2,060.4	$ 574.8	27.9
Executive Secretariats	9,046.9	8,178.3	868.6	10.6
Debt Service	516.8	522.1	-5.3	-1.0
SUBTOTAL	12,198.9	10,760.8	1,438.1	13.4
Net Other Financing Sources and Uses	307.7	296.3	11.4	3.8
Total	$12,506.6	$11,057.1	$1,449.5	13.1

When expenditures in FY87 are compared to expenditures from FY86, there are substantial changes. Among the Legislative, Judicial, Executive, Constitutional Offices and Independent Commissions most notable was the 28% increase in Treasury expenditures.

attributable to increased local aid and pensions. The debt service expenditures were slightly decreased (-1.0%) reflecting, among other things, expenditure savings through bond refunding.

Undesignated Fund Balance

While revenues and expenditures are commonly viewed to measure financial performance, another indicator is the changes in the undesignated component of total fund equity for the three primary governmental funds. When the Commonwealth's end-of-year status is examined over time an interesting trend emerges. As indicated in the following table presented on the budgetary basis of accounting, the Commonwealth tends to accumulate undesignated fund equity in its General Fund, Highway Fund, and Local Aid Fund over a multi-year period and then invest the accumulated balances in various public purposes.

Fiscal Year	*Undesignated Fund Balance: Major Budgetary Funds*
FY87	$ 40.5M
FY86	333.3M
FY85	92.2M
FY84	19.2M
FY83	46.9M
FY82	26.5M
FY81	39.8M
FY80	39.3M
FY79	219.9M
FY78	230.1M

This trend displays good planning and management practices. The Commonwealth's aggressive revenue collection methods and controlled spending policies have yielded a surplus. This creates the opportunity for the state to invest the accumulated surplus in critical public priorities. Such investments may result in future revenue decreases (e.g., tax cuts) or future expenditure increases (e.g., extra contributions to the pension liability), or both.

In fiscal year 1987 there was a significant utilization of surplus that had accumulated in prior years.

- $29.2M tax refund to the taxpayers of the Commonwealth,
- $80M contribution to the pension fund to address the unfunded pension liability,
- $60M increase in local aid to the cities and towns of the Commonwealth to offset first year federal general revenue sharing losses,

- $70.3M contribution to the Program Stabilization Fund, a "rainy day" fund to be used for state operations or local aid in the event of diminished federal revenues or other changed economic conditions,
- $53.3M increase in the various programs and operations of state government.

It is very significant that the Commonwealth has managed its financial operations during this period of robust economic growth in a manner that serves its citizens well over the long term.

Cash and Investments

All cash is controlled by the State Treasurer pursuant to the requirements of law. Each state department promptly transmits to the State Treasurer all receipts received. The State Treasurer manages this money in pooled investment funds to maximize interest earnings. The Treasurer invests excess cash from its general accounts in short term securities and a variety of other instruments. The average daily invested balance for fiscal year 1987 was almost $1,200M. The interest earned for the year was $55.2M in the General Fund. Additional interest income of approximately $20.0M was earned in the Expendable Trust and other funds. The portfolio was invested as follows: 27% in Repurchase Agreements, 2% in U.S. Government Securities, 21% in other Government Securities, 22% in Commercial Paper, 2% in Bank Holding Company Paper, 26% in Certificates of Deposit. The average yield in fiscal year 1987 was 6.07% with maturities ranging from one day to one year. A full disclosure of the Commonwealth's investment portfolio in accordance with standards promulgated by the Governmental Accounting Standards Board is presented in the Notes to the Financial Statements.

Debt

The following table sets forth the Commonwealth's total bonded indebtedness outstanding as of June 30 for each of the last five years and the ratio of such indebtedness to certain economic indicators.

Fiscal Year	*Outstanding Debt (net of discount) Debt Amount* (*in millions*)	*Ratio of Debt to Est. Full Value of Real Estate*	*Ratio of Debt to Personal Income*
1987	$3,826	1.73%	3.59%
1986	3,677	1.64%	3.82%
1985	3,424	2.30%	3.98%
1984	3,346	2.25%	4.24%
1983	3,181	2.53%	4.38%

The strong economy in Massachusetts has generated increasing property values and personal incomes at a rate accelerated with respect to the debt burden. The resulting change in debt burden is particularly significant since the Commonwealth has also increased its investment in capital assets to enhance and protect the infrastructure of Massachusetts. Typically, increased investment in capital assets results in an increased debt burden; however, because of the strong economy, the Commonwealth has been able to increase its investment in capital assets while actually decreasing the debt burden as expressed in the ratios to personal income.

Approximately 37.6% of the principal amount of Commonwealth General Obligation bonds outstanding is scheduled for retirement within five years and approximately 69.2% within ten years.

The Commonwealth ended fiscal year 1986 with General Obligation bonds outstanding (net of discount) and the related minibonds of $3,677M. During FY87 the Commonwealth issued $840.5M in General Obligation Bonds and $38.6M in minibonds for a total addition of $879.1M. Interest rates for these bonds ranged from 5% to 7.25%. Also during FY87 the Commonwealth retired $723.3M in General Obligation Bonds and $6.8M in minibonds for a total decrease of $730.1M.

Within the amounts stated above, $526.1M of refunding bonds were issued, with a resulting savings in debt service expenditures of $15M in FY87 and projected savings of $45M over 20 years. When the refunding issue is taken into account, the net result is $353M in additions and $254.7M in decreases.

In late June an additional $200M in General Obligation bonds were issued. Since the proceeds of these bonds were not received until July in fiscal year 1988, this $200M issue is not reported in the FY87 Financial Statements. When adjusted for these factors the volume of bonds issued in 1987 is approximately equal to the Commonwealth's capital spending program and reflects the debt management policy to maintain the balance between capital spending and bonded debt issuance on a statewide basis.

The outstanding bonded debt at June 30, 1987 was $3,826.0M. There were $166.9M temporary loans outstanding as of June 30, 1987. In its most recent issue, bonds of the Commonwealth were rated AA by Standard & Poor's.

Internal Control Environment

The objectives of the Commonwealth's internal control system are to provide management with reasonable assurance that

- financial and other resources are safeguarded against losses from unauthorized use or disposition;
- transactions are executed in accordance with management authorizations;
- financial and statistical records and reports are accurate and reliable;
- applicable laws, regulations, and policies are adhered to;
- and resources are efficiently and effectively managed.

As Departments in the Commonwealth vary in size, complexity, and degree of centralization, no single method of internal control is universally applicable. It is the responsibility of Department managers to develop and maintain an effective system of internal control. In fulfilling this responsibility it is necessary for management to make estimates and judgments to assess the benefits and costs of control procedures. The concepts of segregation of duties, supervision, documentation of internal control procedures, transaction approvals, controlled access to resources (i.e., cash), and risk assessment provide the necessary foundation for delegating authority, ensuring compliance, and monitoring operational activities.

The advent of the new state accounting system (MMARS) and the implementation of the State Single Audit allowed substantial improvements to the internal control environment to be made in FY87. Using the more sophisticated tools now available, a continued enhancement of internal controls is being pursued aggressively.

Significant Achievements

Several noteworthy achievements highlight the fiscal year 1987. As mentioned previously, the state replaced its obsolete accounting system with a new statewide, automated system called the Massachusetts Management Accounting and Reporting System. This change represented more than just the replacement of a mostly manual system with a computerized version; it also included a major overhaul of accounting concepts and practices and a revitalization of the work routines of the approximately 3,000 state employees who deal with the state accounting system on a daily basis.

A second significant achievement was the publication of the first State Single Audit. The Single Audit encompasses all federal financial assistance programs received by the Commonwealth, including its colleges and universities. This audit is intended to consolidate and replace the vast majority of separate and overlapping financial and compliance audits on federal programs that had been conducted by a variety of federal agencies.

The Commonwealth decided to expand the scope of the State Single Audit to embrace all state funded programs as well as those federally funded, and produce the opinion of the independent auditor, Touche Ross & Co., on the overall operation of state government. The audit reports published last year pertain to the operations of state government conducted in fiscal year 1986. The second year of the audit, reviewing the work of FY87, is now underway for publication later this year.

The third major event was the reorganization of the Office of the Comptroller pursuant to Chapter 488 Acts of 1986, the "Fiscal Reform Act." This law created a new enabling statute and organizational framework and also expanded the responsibility and authority of the Office. Some examples of the changes include: the requirement for a Preliminary Financial Report with transfer of certain end-of-year operating surplus into the Program Stabilization Fund; presentation of the financial statements in this Comprehensive Annual Financial Report on a GAAP basis, as well as the traditional budgetary basis; and increased oversight responsibility with regard to budgetary control and spending operations. All of these requirements have been met.

Economic and Financial Prospects

The financial prospects for the Commonwealth are good. As indicated in this Report, a solid foundation of critical public investments coupled with excellent economic and fiscal performance has created a springboard for continued success. Having achieved an enviable position of fiscal stability, it is important for state government to continue the policies and practices which caused this positive financial environment.

Supporting this positive outlook are forecasts that the Massachusetts economy should continue to perform well, despite more pessimistic predictions for the national economy. A healthy base of local activity supported by industrial diversity and strong household earnings will help Massachusetts weather any national economic downturns. Continued job growth, although at a slower pace, is forecast.

Massachusetts Job Growth Compared to U.S. Averages

	1975 - 1986%		1987%		Forecast 1988%	
Category of Jobs	*MA*	*U.S.*	*MA*	*U.S.*	*MA*	*U.S.*
Manufacturing	7.1	4.7	<3.7>	<0.7>	<2.4>	0.8
Durable goods	21.0	6.1	NA	NA	NA	NA
Non durable goods	<13.3>	<8.7>	NA	NA	NA	NA
Non-manufacturing	39.3	38.1	3.6	2.9	1.8	2.5
Total	31.1	30.2	2.0	2.2	1.0	2.1

The economic outlook is dominated by low unemployment rates, which should remain below 4% for the rest of the decade. The strength of Massachusetts employment is evident when compared to national averages.

Massachusetts Unemployment Compared to U.S. Averages

Year	*MA*	*U.S.*
1976	9.5	7.7
1977	8.1	7.1
1978	6.1	6.1
1979	5.5	5.8
1980	5.6	7.1
1981	6.4	7.6
1982	7.9	9.7
1983	6.9	9.6
1984	4.8	7.5
1985	3.9	7.2
1986	3.8	7.0
1987	3.7	6.7
Est. 1988	3.0	6.1

The strength of Massachusetts is similarly demonstrated in income growth, the single best measure of individual well-being in an economy. Personal income gains for Massachusetts residents are forecast at 6.9% in FY88 and 7.5% in FY89, much stronger than the comparable U.S. figures.

Massachusetts Per Capita Income Compared to U.S.

Time Period	*MA $*	*% Change*	*U.S. $*	*% Change*
1978	7,999	NA	7,735	NA
1979	8,998	12.5	8,637	11.7
1980	10,125	12.5	9,521	10.2
1981	11,158	10.2	10,517	10.5
1982	12,010	7.6	11,332	7.8
1983	13,089	9.0	11,675	3.0
1984	14,463	10.5	12,696	8.7
1985	15,776	9.1	13,511	6.4
1986	17,516	11.0	14,461	7.0
1987	18,934	8.1	15,285	5.7
Est. 1988	20,241	6.9	16,156	5.7
Est. 1989	21,759	7.5	17,012	5.3

Consistent with the growth in the economy, increases in revenue and expenditures are planned in the Commonwealth's fiscal year 1988 budget. The State Constitution requires that the Governor submit a balanced budget to the Legislature each year. Through the mechanisms of controlled state spending, improved program management, and aggressive revenue management, this budgetary balance has been consistently achieved.

General Appropriations Act for Fiscal Year 1988 *(in millions)*

	Revenues
Taxes	$ 8,652.4
Federal Reimbursements	1,345.2
Other Revenues	941.7
Total	$10,939.3

	Appropriations
Direct and Medical Assistance	$ 2,349.4
Local Aid	3,672.0
Other State Operations	4,312.5
Debt Service	518.6
Total	$10,852.5

While the economic and financial prospects are good, the Commonwealth is also hard at work on the critical problems of the future. Implementation of the state tax cap described previously in this Report has created an additional pressure in the budget balancing process and recent trends in the national economy are worrisome for their possible effects on Massachusetts. Additional public investments are necessary in the areas of the pension liability, health care, housing, and the environment.

These issues will be addressed with the same kind of prudent yet compassionate government that produced the Massachusetts success story of today.

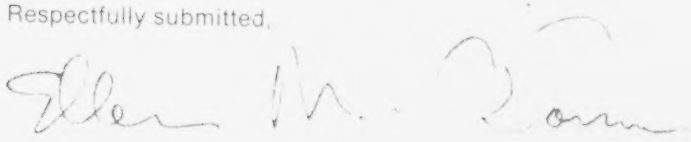
Conclusion

This report demonstrates the continued commitment of the Office of the Comptroller to promote and improve the financial management of state government. The pursuit of excellence in financial management is the objective toward which all activities are directed. The implementation and constant enhancement of the new accounting system (MMARS) is an important part; continuous training of state employees and professional development in financial management is a second component; the coordinated activities pursuant to the State Single

Audit represents another part; the continued application of generally accepted accounting principles (GAAP) represents yet a fourth component. All of this activity becomes coordinated and evaluated through the review mechanisms that result in the publication of this Comprehensive Annual Financial Report. When looked at from this perspective, the production of this Report provides an annual opportunity for a thoughtful and in-depth assessment of the financial management operations of the fiscal year most recently concluded.

In closing, the Office of the Comptroller wishes to express its sincere appreciation to the many individuals whose dedicated efforts have made fiscal year 1987 remarkable. The accomplishments of the many thousands of state employees in the various state departments this year have been extraordinary. I am gratified that Governor Dukakis recognized the staff of the Office of the Comptroller with the Distinguished Service Award for State Government in fiscal year 1987. To these staff I offer my personal appreciation and acknowledge that you are a credit to your profession.

Respectfully submitted,



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December 18, 1987
(except for Note 16 which is as of January 12, 1988)

Ms. Ellen M. O'Connor, Comptroller
The Commonwealth of Massachusetts

We have examined the general purpose financial statements of the Commonwealth of Massachusetts, as of and for the year ended June 30, 1987, as listed in the table of contents. Except as explained in the following paragraph, our examination was made in accordance with generally accepted governmental auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances. We did not examine the financial statements of the Enterprise Funds, which represent the amounts shown as the Proprietary Fund Type. We also did not examine the financial statements of the Treasurer's Fixed Income Securities Trust, Treasurer's Management Trust and the Pension Reserve Investment Trust, investment vehicles for the Commonwealth's Pension Trust Funds, whose net assets available for benefits represent all of the investments of the Fiduciary Fund Type. Those financial statements were audited by other auditors whose reports thereon have been furnished to us and, our opinion expressed herein, insofar as it relates to the amounts shown as the Proprietary Fund Type and the amounts shown as investments in the Fiduciary Fund Type, is based solely upon the reports of the other auditors.

The general purpose financial statements referred to above include the General Fixed Assets Account Group and the related financial data presented in Note 6, which are unaudited.

As discussed in Note 12, retirement expenditures represent amounts contributed by the Commonwealth determined primarily on a "pay-as-you-go" basis. Generally accepted accounting principles require that retirement expenditures be based on an acceptable actuarial cost method. As discussed in Note 16, subsequent to year-end the Legislature enacted, and the Governor signed, legislation which provides for a forty year funding of the actuarially determined unfunded pension liability commencing in fiscal 1988.

In our opinion, based upon our examination and the reports of other auditors, except for the effects on the financial statements of such adjustments, if any, as might have been determined to be necessary had we audited the General Fixed Assets Account Group referred to in the second paragraph, and except for the effects of not recording retirement expenditures based on an acceptable actuarial cost method as discussed in the third paragraph, the general purpose financial statements referred to above present fairly the financial position of the Commonwealth of Massachusetts at June 30, 1987, and the results of its operations and the changes in financial position of its Proprietary Fund Type for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Our examination was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The combining financial statements listed in the table of contents are presented for the purpose of additional analysis and are not a required part of the financial statements of the Commonwealth of Massachusetts. Such information has been subjected to the auditing procedures applied in the examination of the general purpose financial statements and, in our opinion, is fairly stated in all material respects in relation to the general purpose financial statements taken as a whole.

The data included in the statistical section of this report has not been audited by us and, accordingly, we express no opinion on such data.

Touche Ross & Co.

Certified Public Accountants

COMMONWEALTH OF MASSACHUSETTS
COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS (000's omitted)
June 30, 1987

	GOVERNMENTAL FUND TYPES				PROPRIETARY FUND TYPE	FIDUCIARY FUND TYPES	ACCOUNT GROUPS		TOTALS (Memorandum Only)	
ASSETS	General	Special Revenue	Debt Service	Capital Projects	Enterprise	Trust and Agency	General Fixed Assets	General Long-Term Obligations	1987	1986
Cash and Short-Term Investments	$ 941,512	$ 501,478	$ 21,017	$ -	$ 66,006	$ 1,039,808	$ -	$ -	$ 2,569,821	$ 2,912,541
Amount on Deposit with U.S. Treasury	-	-	-	-	-	1,058,990	-	-	1,058,990	973,941
Investments	-	490,965	-	-	131,812	5,793,525	-	-	6,416,302	5,159,065
Securities on Deposit	-	-	-	-	-	650,930	-	-	650,930	579,800
Receivables, Net of Allowance for Uncollectibles:										
Taxes	641,047	277,772	-	-	-	-	-	-	918,819	675,643
Due From Federal Government	279,582	19,941	-	95,549	10,378	-	-	-	405,450	340,889
Loans	-	-	-	-	19,904	-	-	-	19,904	17,524
Other Receivables	160,784	3,953	118	-	13,019	204,408	-	-	382,282	558,948
Due from Other Funds	-	19,295	-	-	167,498	14,151	-	-	200,944	569,013
Inventory (at Cost)	-	-	-	-	34,051	-	-	-	34,051	38,085
Due from Cities and Towns	55,000	4,511	-	-	-	104,000	-	-	163,511	104,791
Investments of Deferred Compensation Plan	-	-	-	-	-	237,195	-	-	237,195	176,238
Fixed Assets	-	-	-	-	5,724,867	-	2,585,391	-	8,310,258	7,944,131
Restricted and Other Assets	-	-	-	-	406,624	-	-	-	406,624	434,202
Amount Available for Retirement of Long-Term Obligations	-	-	-	-	-	-	-	385	385	15,112
Amount to be Provided for Retirement of Long-Term Obligations	-	-	-	-	-	-	-	5,281,094	5,281,094	4,505,530
Total Assets	$ 2,077,925	$ 1,317,915	$ 21,135	$ 95,549	$ 6,574,159	$ 9,103,007	$ 2,585,391	$ 5,281,479	$ 27,056,560	$ 25,005,453

COMMONWEALTH OF MASSACHUSETTS
COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS (000's omitted)
June 30, 1987

continued

	GOVERNMENTAL FUND TYPES				PROPRIETARY FUND TYPE	FIDUCIARY FUND TYPES	ACCOUNT GROUPS		TOTALS (Memorandum Only)	
LIABILITIES AND FUND EQUITY	General	Special Revenue	Debt Service	Capital Projects	Enterprise	Trust and Agency	General Fixed Assets	General Long-Term Obligations	1987	1986
Liabilities:										
Deficiency in Cash and Short-Term Investments	$ -	$ -	$ -	$ 514,690	$ -	$ -	$ -	$ -	$ 514,690	$ 416,591
Accounts Payable	997,155	161,717	-	127,472	47,886	83,301	-	-	1,417,531	1,112,921
Tax Refunds and Abatements Payable	198,376	132,251	-	-	-	-	-	-	330,627	216,077
Other Accrued Liabilities	145,929	88,408	-	941	110,910	15,220	-	-	361,408	287,759
Chapter 555 Tax Refund Payable	17,533	11,688	-	-	-	-	-	-	29,221	-
Due to Other Funds	148,578	33,071	-	-	19,295	-	-	-	200,944	569,013
Deferred Revenue	113,225	1,018	-	11,698	120,028	1,588	-	-	247,557	240,265
Prizes Payable	-	490,965	-	-	-	-	-	-	490,965	395,194
Liabilities Due Depositors	3,967	-	-	-	-	1,708,876	-	-	1,712,843	1,565,147
Bonds Matured - Not Redeemed	-	-	20,750	-	-	-	-	-	20,750	19,707
Bonds and Notes Payable	-	-	-	62,900	1,583,647	104,000	-	4,089,518	5,840,065	5,437,455
School Construction Grants	-	-	-	-	-	-	-	991,808	991,808	747,527
Compensated Absences	-	-	-	-	-	-	-	103,409	103,409	83,619
Claims and Judgements	-	-	-	-	-	-	-	96,744	96,744	12,500
Total Liabilities	1,624,763	919,118	20,750	717,701	1,881,766	1,912,985	-	5,281,479	12,358,562	11,103,775
Fund Equity (Deficit):										
Investment in General Fixed Assets	-	-	-	-	-	-	2,585,391	-	2,585,391	2,527,811
Contributed Capital	-	-	-	-	4,587,303	-	-	-	4,587,303	4,474,874
Retained Earnings:										
Reserved	-	-	-	-	20,332	-	-	-	20,332	19,498
Unreserved	-	-	-	-	84,758	-	-	-	84,758	94,868
Fund Balances (Deficit):										
Reserved for:										
Encumbrances	-	-	-	-	-	-	-	-	-	432,834
Due from Cities and Towns	-	4,511	-	-	-	-	-	-	4,511	5,191
Unemployment Benefits	-	-	-	-	-	1,157,389	-	-	1,157,389	1,089,770
Pension Benefits	-	-	-	-	-	5,760,579	-	-	5,760,579	4,965,993
Unreserved	453,162	394,286	385	(622,152)	-	272,054	-	-	497,735	290,839
Total Fund Equity (Deficit)	453,162	398,797	385	(622,152)	4,692,393	7,190,022	2,585,391	-	14,697,998	13,901,678
Total Liabilities and Fund Equity	$ 2,077,925	$ 1,317,915	$ 21,135	$ 95,549	$ 6,574,159	$ 9,103,007	$ 2,585,391	$ 5,281,479	$ 27,056,560	$ 25,005,453

The accompanying notes are an integral part of the general purpose financial statements.

COMMONWEALTH OF MASSACHUSETTS
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND EQUITY
ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUND (000's omitted)
for the fiscal year ended June 30, 1987

	GOVERNMENTAL FUND TYPES				FIDUCIARY FUND TYPE	TOTALS (Memorandum Only)	
	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust	1987	1986
Revenues:							
Income Taxes	$ 2,597,505	$ 1,542,692	$ -	$ -	$ -	$ 4,140,197	$ 3,521,157
Sales and Use Taxes	1,190,800	747,041	-	-	-	1,937,841	1,724,825
Corporate Taxes	679,669	346,913	-	-	-	1,026,582	834,104
Other Taxes	654,563	302,760	-	-	425,748	1,383,071	1,823,034
Assessments	73,569	3,799	-	-	241,982	319,350	20,244
Federal Grants and Reimbursements	1,445,791	776,105	-	135,639	106,745	2,464,280	2,316,959
Departmental	470,077	1,493,049	-	30	246,983	2,210,139	2,658,821
Miscellaneous	100,355	4,126	548,876	-	90,835	744,192	562,396
Total Revenues	7,212,329	5,216,485	548,876	135,669	1,112,293	14,225,652	13,461,540
Expenditures:							
Legislature	44,686	-	-	129	-	44,815	41,880
Inspector General	2,760	-	-	-	-	2,760	1,125
Judiciary	53,240	197,866	-	-	4	251,110	268,474
Executive	3,593	-	-	-	5	3,598	8,690
Secretary of the Commonwealth	13,876	621	-	-	-	14,497	13,003
Treasurer and Receiver-General	298,558	1,800,489	563,603	-	1	2,662,651	2,235,068
Auditor of the Commonwealth	10,778	-	-	-	-	10,778	9,260
Attorney General	28,037	384	-	-	119	28,540	23,620
Ethics Commission	950	-	-	-	-	950	725
District Attorney	9,487	32,046	-	-	-	41,533	-
Administration and Finance	393,572	363,152	-	151,555	67,728	976,007	1,166,233
Environmental Affairs	78,509	103,309	-	142,795	4,366	328,979	328,044
Communities and Development	134,572	160,594	-	102,147	5,989	403,302	311,497
Human Services	4,073,143	204,079	-	(2,449)	4,957	4,279,730	4,020,459
Transportation and Construction	26,997	179,448	-	376,438	1,368	584,251	524,315
Education	50,747	1,793,552	-	(5,624)	2,613	1,841,288	2,779,712
Higher Education	908,593	5,950	-	5,115	274,414	1,194,072	-
Public Safety	33,611	95,415	-	190	425	129,641	112,392
Economic Affairs	54,880	123,255	-	-	440,579	618,714	615,831
Elder Affairs	135,162	29,932	-	-	101	165,195	130,322
Consumer Affairs	24,364	1,796	-	-	209	26,369	22,248
Energy Resources	2,250	2,347	-	3,642	4,435	12,674	6,860
Labor	17,513	614	-	-	2,184	20,311	10,722
Independent Commissions	7,694	24,292	-	-	865	32,851	-
Debt Service:							
Principal Retirement	193,096	63,388	-	-	-	256,484	227,561
Interest and Fiscal Charges	200,401	59,939	-	-	-	260,340	294,524
Total Expenditures	6,801,069	5,242,468	563,603	773,938	810,362	14,191,440	13,152,565

COMMONWEALTH OF MASSACHUSETTS
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND EQUITY
ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUND (000's omitted)
for the fiscal year ended June 30, 1987

continued

	GOVERNMENTAL FUND TYPES				FIDUCIARY FUND TYPE	TOTALS (Memorandum Only)	
	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust	1987	1986
Excess (Deficiency) of Revenues Over Expenditures	411,260	(25,983)	(14,727)	(638,269)	301,931	34,212	308,975
Other Financing Sources (Uses):							
Proceeds of General Obligation Bonds	-	-	-	353,104	-	353,104	480,098
Proceeds of Refunding Bonds	-	-	-	526,074	-	526,074	-
Increase in Temporary Notes	-	-	-	-	-	-	2,600
Transfers In	341,619	717,725	-	-	164,156	1,223,500	1,005,134
Transfers Out	(813,579)	(680,492)	-	(2,114)	(245,116)	(1,741,301)	(1,750,691)
Payments to Refunded Bonds Escrow Agents	-	-	-	(526,074)	-	(526,074)	-
Chapter 555 Tax Refund	(17,533)	(11,688)	-	-	-	(29,221)	-
Total Other Financing Sources (Uses)	(489,493)	25,545	-	350,990	(80,960)	(81,734)	(262,859)
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Uses	(78,233)	(438)	(14,727)	(287,279)	220,971	(47,322)	46,116
Fund Equity (Deficit) at Beginning of Year	531,395	399,235	15,112	(334,873)	1,186,246	1,797,115	1,750,999
Fund Equity (Deficit) at End of Year	$ 453,162	$ 398,797	$ 385	$ (622,152)	$ 1,407,217	$ 1,749,593	$ 1,797,115

The accompanying notes are an integral part of the general purpose financial statements.

COMMONWEALTH OF MASSACHUSETTS
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND EQUITY - BUDGET AND ACTUAL
BUDGETARY GENERAL AND SPECIAL REVENUE FUNDS (000's omitted)
for the fiscal year ended June 30, 1987

	GENERAL FUND		
	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Taxes	$ 5,173,670	$ 5,173,670	$ -
Assessments	21,911	21,911	-
Federal Grants and Reimbursements	1,251,451	1,251,451	-
Departmental	442,910	442,910	-
Miscellaneous	87,475	87,475	-
Total Revenues	6,977,417	6,977,417	-
Expenditures:			
Legislature	45,435	44,926	509
Inspector General	1,270	1,173	97
Judiciary	60,284	59,595	689
Executive	4,200	4,092	108
Secretary of the Commonwealth	15,883	15,355	528
Treasurer and Receiver-General	441,936	313,089	128,847
Auditor of the Commonwealth	10,735	10,672	63
Attorney General	15,348	14,967	381
Ethics Commission	973	946	27
District Attorney	10,561	9,818	743
Administration and Finance	645,336	612,600	32,736
Environmental Affairs	88,540	80,354	8,186
Communities and Development	134,840	131,424	3,416
Human Services	4,059,475	4,005,863	53,612
Transportation and Construction	149,430	19,878	129,552
Education	49,289	49,658	(369)
Higher Education	700,604	697,598	3,006
Public Safety	37,281	37,050	231
Economic Affairs	54,506	57,221	(2,715)
Elder Affairs	131,995	130,795	1,200
Consumer Affairs	26,030	24,433	1,597
Energy Resources	3,027	2,642	385
Labor	17,583	17,095	488
Independent Commissions	11,697	11,667	30
Debt Service:			
Principal Retirement	193,096	193,096	-
Interest and Fiscal Charges	200,401	200,401	-
Total Expenditures	7,109,755	6,746,408	363,347
Excess (Deficiency) of Revenues Over Expenditures	(132,338)	231,009	363,347
Other Financing Sources (Uses):			
Transfers In	-	112,444	112,444
Transfers Out	-	(515,227)	(515,227)
Accounts Payable Balances Reverted	-	16,396	16,396
Chapter 555 Tax Refund	-	(17,533)	(17,533)
Total Other Financing Sources (Uses)	-	(403,920)	(403,920)
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Uses	(132,338)	(172,911)	(40,573)
Fund Equity at Beginning of Year	727,804	727,804	-
Fund Equity at End of Year	$ 595,466	$ 554,893	$ (40,573)

The accompanying notes are an integral part of the general purpose financial statements.

COMMONWEALTH OF MASSACHUSETTS
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND EQUITY - BUDGET AND ACTUAL
BUDGETARY GENERAL AND SPECIAL REVENUE FUNDS (000's omitted)
for the fiscal year ended June 30, 1987

continued

SPECIAL REVENUE FUNDS			TOTALS (Memorandum Only)		
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
$ 2,961,179	$ 2,961,179	$ -	$ 8,134,849	$ 8,134,849	$ -
3,799	3,799	-	25,710	25,710	-
13,778	13,778	-	1,265,229	1,265,229	-
219,281	219,281	-	662,191	662,191	-
679	679	-	88,154	88,154	-
3,198,716	3,198,716	-	10,176,133	10,176,133	-
-	-	-	45,435	44,926	509
-	-	-	1,270	1,173	97
225,150	222,346	2,804	285,434	281,941	3,493
-	-	-	4,200	4,092	108
-	-	-	15,883	15,355	528
1,066,758	1,053,233	13,525	1,508,694	1,366,322	142,372
-	-	-	10,735	10,672	63
546	481	65	15,894	15,448	446
-	-	-	973	946	27
28,605	28,275	330	39,166	38,093	1,073
361,688	353,451	8,237	1,007,024	966,051	40,973
89,758	87,423	2,335	178,298	167,777	10,521
23,613	19,855	3,758	158,453	151,279	7,174
11,304	11,261	43	4,070,779	4,017,124	53,655
237,742	202,278	35,464	387,172	222,156	165,016
1,591,199	1,588,038	3,161	1,640,488	1,637,696	2,792
-	(59)	59	700,604	697,539	3,065
89,314	87,465	1,849	126,595	124,515	2,080
-	-	-	54,506	57,221	(2,715)
-	-	-	131,995	130,795	1,200
2,743	2,807	(64)	28,773	27,240	1,533
-	-	-	3,027	2,642	385
-	-	-	17,583	17,095	488
22,134	22,134	-	33,831	33,801	30
63,671	62,899	772	256,767	255,995	772
58,050	58,295	(245)	258,451	258,696	(245)
3,872,275	3,800,182	72,093	10,982,030	10,546,590	435,440
(673,559)	(601,466)	72,093	(805,897)	(370,457)	435,440
-	686,870	686,870	-	799,314	799,314
-	(118,785)	(118,785)	-	(634,012)	(634,012)
-	1,096	1,096	-	17,492	17,492
-	(11,688)	(11,688)	-	(29,221)	(29,221)
-	557,493	557,493	-	153,573	153,573
(673,559)	(43,973)	629,586	(805,897)	(216,884)	589,013
199,001	199,001	-	926,805	926,805	-
$ (474,558)	$ 155,028	$ 629,586	$ 120,908	$ 709,921	$ 589,013

COMMONWEALTH OF MASSACHUSETTS
COMBINED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS/FUND EQUITY
ENTERPRISE FUNDS, NONEXPENDABLE TRUST FUND AND PENSION TRUST FUNDS (000's omitted)
for the fiscal year ended June 30, 1987

	PROPRIETARY FUND TYPE	FIDUCIARY FUND TYPES		TOTALS (Memorandum Only)	
	Enterprise Funds	Nonexpendable Trust Fund	Pension Trust Funds	1987	1986
Revenues:					
Federal Grants and Reimbursements	$ -	$ -	$ -	$ -	$ 68
Departmental	-	780	-	780	6,281
Employee Contributions	-	-	293,400	293,400	398,443
Investment Earnings	-	101	551,404	551,505	916,145
Charges for Services	214,671	-	-	214,671	177,702
Donations	4,972	-	-	4,972	7,980
Total Revenues	219,643	881	844,804	1,065,328	1,506,619
Expenses:					
Environmental Affairs	-	118	-	118	
Education	-	56	43,663	43,719	42,389
Other Governmental Charges	-	-	140,489	140,489	181,247
Operating Expenses:					
Cost of Services	501,840	-	-	501,840	449,354
Depreciation	129,550	-	-	129,550	93,662
Total Expenses	631,390	174	184,152	815,716	766,652
Operating Income (Loss)	(411,747)	707	660,652	249,612	739,967
Non-Operating Revenues (Expenses):					
Operating Grants	30,527	-	-	30,527	31,054
Interest Income	26,271	-	-	26,271	25,138
Other Revenues	4,282	-	-	4,282	2,848
Interest Expense	(105,860)	-	-	(105,860)	(102,588)
Other Expenses	(30,337)	-	-	(30,337)	(15,828)
Total Non-Operating Revenues (Expenses)	(75,117)	-	-	(75,117)	(59,376)

COMMONWEALTH OF MASSACHUSETTS
COMBINED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS/FUND EQUITY
ENTERPRISE FUNDS, NONEXPENDABLE TRUST FUND AND PENSION TRUST FUNDS (000's omitted)
for the fiscal year ended June 30, 1987

continued

	PROPRIETARY FUND TYPE	FIDUCIARY FUND TYPES		TOTALS (Memorandum Only)	
	Enterprise Funds	Nonexpendable Trust Fund	Pension Trust Funds	1987	1986
Income (Loss) Before Transfers and Extraordinary Item	(486,864)	707	660,652	174,495	680,591
Transfers and Extraordinary Item:					
Transfers In	383,866	-	263,088	646,954	745,557
Transfers Out	-	-	(129,153)	(129,153)	-
Extraordinary Item - Loss on Defeasance	(10,115)	-	-	(10,115)	(17,963)
Total Transfers and Extraordinary Item	373,751	-	133,935	507,686	727,594
Net Income (Loss)	(113,113)	707	794,587	682,181	1,408,185
Add: Inventory Valuation Adjustment of Assets Acquired from Contributed Capital	4,679	-	-	4,679	-
Add: Depreciation of Cost of Assets Acquired from Contributed Capital	99,158	-	-	99,158	76,032
Increase (Decrease) in Retained Earnings/ Fund Equity	(9,276)	707	794,587	786,018	1,484,217
Retained Earnings/ Fund Equity at Beginning of Year	114,366	21,519	4,965,992	5,101,877	3,617,660
Retained Earnings/ Fund Equity at End of Year	$ 105,090	$ 22,226	$ 5,760,579	$ 5,887,895	$ 5,101,877

The accompanying notes are an integral part of the general purpose financial statements.

COMMONWEALTH OF MASSACHUSETTS
COMBINED STATEMENT OF CHANGES IN FINANCIAL POSITION
ENTERPRISE FUNDS, NONEXPENDABLE TRUST FUND AND PENSION TRUST FUNDS (000's omitted)
for the fiscal year ended June 30, 1987

	PROPRIETARY FUND TYPE	FIDUCIARY FUND TYPES		TOTALS (Memorandum Only)	
	Enterprise Funds	Nonexpendable Trust Fund	Pension Trust Funds	1987	1986
SOURCES OF FINANCIAL RESOURCES:					
Operations:					
Net Income (Loss)	$ (113,113)	$ 707	$ 794,587	$ 682,181	$ 1,408,185
Expenses not Requiring Current Outlay of Financial Resources:					
Depreciation and Amortization	129,550	-	-	129,550	93,663
Loss on Defeasance	10,115	-	-	10,115	17,963
Other	-	-	-	-	120
Total Sources of Financial Resources from Operations	26,552	707	794,587	821,846	1,519,931
Increase (Decrease) in Accounts Payable	(6,809)	-	2,710	(4,099)	(53,418)
Increase (Decrease) in Other Accrued Liabilities	23,415	(7)	-	23,408	20,477
Increase (Decrease) in Due to Other Funds	(15,079)	-	77,045	61,966	128,197
Increase in Deferred Revenue	22,799	-	-	22,799	30,179
Issuance of Bonds and Notes Payable	183,847	-	-	183,847	651,725
Contributed Capital	205,245	-	-	205,245	2,549,071
Total Sources of Financial Resources	439,970	700	874,342	1,315,012	4,846,162
USES OF FINANCIAL RESOURCES:					
Increase in Investments	38,695	-	1,123,723	1,162,418	1,352,142
Increase (Decrease) in Receivables	(103,771)	6,797	1,767	(95,207)	(50,578)
Increase (Decrease) in Due from Other Funds	20,470	-	(230,855)	(210,385)	251,294
Increase (Decrease) in Inventory	(4,034)	-	-	(4,034)	13,576
Increase (Decrease) in Restricted and Other Assets	(139,763)	-	-	(139,763)	319,983
Acquisition of Fixed Assets	437,190	-	-	437,190	2,751,434
Retirement of Bonds and Notes Payable	191,259	-	-	191,259	205,006
Other	-	901	-	901	-
Total Uses of Financial Resources	440,046	7,698	894,635	1,342,379	4,842,857
Increase (Decrease) in Cash and Short-Term Investments	$ (76)	$ (6,998)	$ (20,293)	$ (27,367)	$ 3,305

The accompanying notes are an integral part of the general purpose financial statements.

COMMONWEALTH OF MASSACHUSETTS
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
for the fiscal year ended June 30, 1987

NOTE 1 - Financial Statement Presentation:

INTRODUCTION:
The accompanying financial statements of the Commonwealth of Massachusetts present the financial position of the various fund types and account groups, the results of operations of the various fund types and the changes in financial position of the enterprise funds, nonexpendable trust fund, and pension trust funds.

REPORTING ENTITY:
The financial statements include the various departments, agencies, boards, and commissions governed by the legislature, judiciary and/or constitutional officers of the Commonwealth of Massachusetts and the thirteen independent authorities and other organizations over which oversight authority is exercised. These entities were selected based on the following criteria outlining the ability to exercise oversight responsibility, as defined by the Governmental Accounting Standards Board:

- Financial interdependency;
- Selection of governing authority;
- Designation of management;
- Ability to significantly influence operations;
- Accountability for fiscal matters;
- Scope of public service; and/or
- Special financing relationships.

These thirteen entities include the following as Enterprise Funds:

Massachusetts Bay Transportation Authority, which provides transportation services in the Greater Boston Metropolitan Area.

Massachusetts Convention Center Authority, which owns and operates the John B. Hynes Veterans Memorial Convention Center and the Boston Common Parking Garage.

Massachusetts Water Resources Authority, which provides water supply services and sewage collection, treatment, and disposal services to areas of the Commonwealth.

Higher Education Building Authorities, which provide, maintain, and operate dormitories, dining commons, and other buildings and structures of the Universities and Colleges. The following are combined as "Higher Education Building Authorities:"

Massachusetts State College Building Authority
Southeastern Massachusetts University Building Authority
University of Lowell Building Authority
University of Massachusetts Building Authority

The following entities are combined as "Other" Enterprise Funds:

Bay State Skills Corporation, which funds training programs in occupations found to be in high demand.

Government Land Bank, which aids public agencies and private enterprise in converting and developing surplus federal and state property and other substandard property in Massachusetts.

Massachusetts Community Development Finance Corporation, which invests in business enterprises located in economically depressed areas of Massachusetts, in conjunction with local community development corporations.

Massachusetts Industrial Finance Agency, which insures industrial mortgage loans and revenue bonds, and approves and/or issues industrial revenue bonds in order to stimulate industrial growth and economic development.

Massachusetts Technology Development Corporation, which provides financial and other assistance to innovative enterprises in Massachusetts which have the potential to expand and generate new jobs and tax revenues.

Massachusetts Technology Park Corporation, which creates, and then will operate, Centers for Excellence designed to foster economic development within the Commonwealth in conjunction with Massachusetts colleges and universities. Funding approval has been received for the first center to be known as the Microelectronics Center.

The accompanying financial statements do not include the Massachusetts Home Finance Agency, Massachusetts Housing Finance Agency, Massachusetts Health and Educational Facilities Authority, Massachusetts Port Authority or Massachusetts Turnpike Authority, as these entities do not meet the criteria defined by the Governmental Accounting Standards Board.

FUND ACCOUNTING:

The Commonwealth records its transactions in funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures/ expenses. Transactions between funds within a fund type, if any, have been eliminated. The funds and account groups are organized into four categories as follows:

Governmental Funds:
Governmental Funds are those through which most governmental functions of the Commonwealth are financed. The acquisition, use, and balances of the Commonwealth's expendable financial resources and the related liabilities are accounted for through governmental funds. The measurement focus is on determination of changes in financial position rather than on net income.

General Fund - The General Fund is the general operating fund of the Commonwealth. It is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds - Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than trusts or capital projects funds) that are legally restricted to expenditures for specified purposes.

Debt Service Funds - The Debt Service Fund is used to account for the accumulation of resources for, and the future payment of, general long-term debt principal and interest, except for mini-bond payments, which are made from the General Fund.

Capital Projects Funds - Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital assets. Such resources are derived principally from proceeds of general obligation bonds and from Federal reimbursements and State appropriations.

The Commonwealth enters into long-term contracts for construction of major capital projects. The Commonwealth pays the cost of capital projects principally from resources obtained from general obligation bond proceeds, operating transfers from the general fund, and federal grants and reimbursements. Bond proceeds are generally received after the expenditure has been incurred. Accordingly, the fund equity of the capital projects funds reflects a deficit.

Proprietary Funds:
Enterprise Funds - Enterprise Funds are used to account for all operations of the thirteen authorities and other organizations included within the Commonwealth's financial statements. The measurement focus is on the determination of net income.

Fiduciary Funds:
Fiduciary Funds are used to account for assets held by the Commonwealth in a trustee capacity (Trust Funds), or as an agent (Agency Funds) for individuals, private organizations, other governmental units, and/or other funds. Trust Funds include Expendable Trust Funds, Nonexpendable Trust Funds, and Pension Trust Funds. Nonexpendable Trust and Pension Trust Funds are accounted for in essentially the same manner as proprietary funds since capital maintenance is critical. The measurement focus is on the determination of net income. Expendable Trust Funds are accounted for in essentially the same manner as governmental funds with the measurement focus on changes in financial position rather than income. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

Expendable Trust Funds - The Expendable Trust Funds include certain trust funds of the State colleges and universities and the Unemployment Compensation Fund, which accounts for the unemployment taxes collected from employers, federal revenue received, and remittance of benefits to the unemployed.

Nonexpendable Trust Fund - The Nonexpendable Trust Fund includes the Metropolitan District Trust and the endowment funds of the State colleges and universities.

Pension Trust Funds - The Pension Trust Funds include the State Employees and Teachers Annuities Funds, the State Employees and Teachers Retirement Military Accumulation Funds, and the Pension Reserve Fund.

Agency Funds - Agency Funds include the cities and towns portion of the Pension Reserve Fund and the portion of the Massachusetts Municipal Depository Trust belonging to participants other than the Commonwealth.

Account Groups:
Account Groups are used to establish control and accountability over the Commonwealth's general fixed assets and long-term obligations. The fixed assets and long-term obligations of the thirteen authorities and other organizations comprising the Commonwealth's Enterprise Funds are reported under Enterprise Funds. The Commonwealth's account groups are as follow:

General Fixed Assets Account Group - The General Fixed Assets Account Group is used to account for general fixed assets. General Fixed Assets are recorded as expenditures in the appropriate fund and capitalized annually in the General Fixed Assets Account Group in the year purchased. Land and buildings are recorded at their most recent locally assessed valuations (June 30, 1984) while machinery and equipment are recorded at cost or estimated cost. Infrastructure (roads, bridges, tunnels, dams, water and sewer systems, etc.) has not been capitalized. No depreciation is provided on general fixed assets.

Enterprise Fund fixed assets are capitalized upon purchase and depreciated over the estimated useful life of the asset. The estimated useful lives are as follows:

Structures and improvements	10 - 100 years
Equipment	3 - 20 years

General Long-Term Obligations Account Group - The General Long-Term Obligations Account Group is used to account for general obligation bonds payable, school construction grants, compensated absences, and claims and judgments related to governmental activities.

NOTE 2 - Summary of Significant Accounting Policies:

The accounting policies followed in preparing the accompanying financial statements are described below:

BASIS OF ACCOUNTING:
Governmental Fund Types, Expendable Trust Funds, and Agency Funds are accounted for on the modified accrual basis of accounting.

Revenues are recorded in the period that they become both measurable and available. Available means expected to be collectable within the current period or soon enough thereafter to be used to pay liabilities of the current period. Revenues not considered available within twelve months are recorded as deferred revenue. Significant revenues susceptible to accrual include income, sales and use, corporations and other taxes, federal grants and reimbursements, and reimbursements for use of materials and services. Tax refunds payable and taxes receivable, representing the estimated amounts owed to taxpayers or due to the Commonwealth on previous filings, over or under withholdings, and estimated payments, are recorded as adjustments to tax revenues. Expenditures are recorded in the period in which the liability is incurred, except for interest on long-term debt which is recorded when due.

Enterprise, the Nonexpendable Trust, and Pension Trust Funds are accounted for on the accrual basis of accounting.

EARNINGS ON POOLED CASH:
The Commonwealth follows the practice of pooling cash and cash equivalents of all fund types. Cash equivalents consist of short-term investments and are stated at cost. Interest earned on this pooled cash is allocated to the General Fund and Expendable Trust Funds.

INVESTMENTS:
Pension Trust Fund and Deferred Compensation Plan investments are stated at market. All other investments are stated at cost.

INVENTORIES:
Inventories of materials and supplies are recorded as expenditures in governmental fund types when purchased. Such inventories are not material. Inventories of Enterprise Funds are stated at cost. The method used to state inventory is first in, first out.

INTERFUND TRANSACTIONS:
During the course of normal operations, the Commonwealth has numerous transactions between funds. These transactions are generally recognized as interfund transfers in the funds involved. Interfund transactions involving pooled cash are recorded as adjustments to the funds' cash accounts and, thus, may result in a fund having a deficiency in cash and short-term investments at year end.

Interfund receivables and payables include the following at June 30, 1987 (amounts expressed in thousands):

General Fund	
Due to:	
Enterprise Funds -	
Massachusetts Bay Transportation Authority	$ 125,175
Massachusetts Convention Center Authority	10,530
Massachusetts Technology Development Corporation	500
	136,205
Pension Trust Funds - Pension Reserve Fund	12,373
	$ 148,578
Special Revenue Funds:	
Due from:	
Enterprise Funds - Massachusetts Water Resources Authority	$ 19,295
Due to:	
Pension Trust Funds - Pension Reserve Fund	$ 1,778
Enterprise Fund - Massachusetts Bay Transportation Authority	31,293
	$ 33,071

INTERFUND TRANSFERS:
During the course of normal operations, the Commonwealth has numerous transactions of a buyer/seller nature between various departments within a fund. These interfund interactions have been eliminated from the individual fund statements.

CHAPTER 555 TAX REFUND:
Effective June 30, 1987, Chapter 62F as amended by Chapter 555, Acts of 1986 requires separate and distinct presentation of certain state tax revenue calculations. This law puts a tax cap on revenue growth and provides the opportunity for a tax refund to Commonwealth citizens once the cap is reached. The calculation of tax revenue and thereby the tax refund is examined and certified by the State Auditor's Office. The result of this certification for fiscal 1987 establishes a refund to Commonwealth citizens of $29,221,000 which has been recorded as a liability 60% in the General Fund and 40% in the Local Aid Fund.

VACATION AND SICK LEAVE:
Employees are granted vacation and sick leave in varying amounts. Upon retirement, termination, or death, certain employees are compensated for unused vacation and sick leave (subject to certain limitations) at their then current rate of pay.

The Commonwealth's short-term liability for accumulated unpaid vacation and sick leave is reported in the appropriate fund, while the long-term liability is reported in the General Long-Term Obligations Account Group.

LOTTERY REVENUE AND PRIZES:
Revenues and prizes of the Massachusetts State Lottery and Massachusetts Arts Lottery are generally recognized as drawings are held. Certain prizes are payable in deferred installments for which the Commonwealth purchases annuities. These annuities are recorded as investments and prizes payable on the balance sheet. Most of the remaining revenue by statute is transferred to other funds for expenditure per Legislative approval.

INSURANCE:
The Commonwealth self-insures for casualty, theft, tort claims, and other losses. Such losses are recorded as expenditures when measurable.

Unreserved Fund Balances:
Unreserved fund balances are segregated into five separate and distinct components. A brief description of each follows:

"Designated for Continuing Accounts" are appropriations to be carried over to the next fiscal year. These amounts must be either authorized by the Legislature or be specific projects which were not completed during the current fiscal year. For the Governmental Fund Types this was $2,906,740,000.

"Designated for Specific Purpose" represents all unreserved fund balances within the Fiduciary Funds, in the amount of $272,054,000.

"Designated for Program Stabilization" represents amounts available in the General Fund for future specific appropriations (see Note 4).

"Designated for Debt Service" represents amounts available for the retirement of general long-term debt principal and interest.

"Undesignated" fund balances or deficits represents governmental fund types' cumulative surplus or deficit not otherwise designated.

Total Columns on Combined Statements:
Total columns on the combined statements are presented to aggregate financial data of the fund types and account groups. No consolidating or other eliminations were made in arriving at the totals; thus they do not present consolidated information.

NOTE 3 - Budgetary Control:

The Governor presents an annual budget to the State Legislature, representing estimates of receipts, disbursements and other financing sources and uses anticipated during the coming fiscal year. The Commonwealth's Constitution requires that a balanced budget be submitted by the Governor to the State Legislature. The Legislature, which has full authority to amend the budget, adopts an expenditure budget by appropriating monies in an annual appropriation bill. The Governor, before signing the bill, may veto any specific item, subject to legislative override. Changes to this budget may be

made via supplemental appropriation bills or other legislative acts which must be approved by the Legislature and signed by the Governor. For the fiscal year ending June 30, 1987, the Legislature approved increases in appropriations aggregating approximately $500,863,000.

The original budgeted revenues as submitted by the Governor are not amended to coincide with any legislative changes to the original expenditure budget and, therefore, the Commonwealth does not have updated budgeted revenue totals for use in the accompanying financial statements. Accordingly, the Budget and Actual statements for the General Fund and Special Revenue Funds use actual revenues as the budgeted revenues.

The Commonwealth adopts two types of appropriations in the annual budget. The majority are lapsing appropriations which end each year and require reappropriation. The remaining are continuing appropriations where the Legislature has approved unspent funds in one year, to be available for spending the next year.

The Office of the Comptroller has the responsibility to ensure that budgetary control is maintained. Expenditures or advance expenditure commitments (purchase orders) will not be approved by the Comptroller if they exceed the department's total spending authority, which is a combination of authorized appropriations, prior appropriations continued, and portions of restricted receipts. In the Budget and Actual statements for the General Fund and Special Revenue Funds, the budgeted expenditures represent the total spending authority, net of prior appropriations continued for 1988.

Budget and Actual statements for the Special Revenue Funds are presented for only those funds for which a budget has been adopted. The basis of accounting for each budget is the modified cash basis. The Special Revenue Funds with annual budgets are Highway, Local Aid, Passenger Rail, Anti-Trust Law Enforcement, Non-Game Wildlife, Victim and Witness Assistance, Inter-City Bus Capital Assistance, Mosquito and Greenhead Fly Control, Inland Fish and Game, State Transportation Building Management, Springfield State Transportation Building and Housing Partnership.

During 1987, the Commonwealth changed its method of accounting for encumbrances for continuing appropriations. Previously, departments were not required to encumber continuing accounts and any encumbrances related to these accounts were recorded as a reservation of fund balance. Effective June 30, 1987, departments are required to encumber continuing appropriations for goods and services purchased or received as of June 30. Such encumbrances are charged to expenditures so as to be consistent with the accounting for lapsed appropriations. The effect of the change in accounting for encumbrances related to continuing appropriations was to increase expenditures in the General and Special Revenue Funds by $4,480,000 and $219,942,000 respectively.

The follcwing is a reconciliation of the fund equities of a!l fund types highlighting the major differences between the budgetary and GAAP basis of accounting (amounts expressed in thousands):

	General	Special Revenue	Debt Service	Capital Projects	Enterprise	Expendable Trust	Pension Trust
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Uses (Budgetary Basis)	$ (172,911)	$ (46,846)	$ (13,483)	$ 208,043	$ -	$ 217,674	$ 792,820
Entity Differences: Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Uses for Entities and College and University Funds Not Included in Budgetary Basis	8,131	-	-	-	(9,276)	16,102	-
Basis of Accounting Differences:							
Net Increase in Taxes Receivable	144,485	98,691	-	-	-	-	-
Net Increase (Decrease) in Due from Federal Government	41,452	(1,221)	-	(15,737)	-	-	-
Net Increase (Decrease) in Other Receivables and Asset Accruals	(148,386)	25,392	(201)	9,947	-	(9,025)	1,767
Net (Increase) Decrease in Budgetary Basis Bonds Authorized - Unissued	-	-	-	(550,078)	-	-	-
Net (Increase) Decrease in Tax Refunds Payable	17,701	(132,251)	-	-	-	-	-
Net (Increase) Decrease In Other Payables and Accrued Liabilities	31,295	55,797	(1,043)	60,546	-	(3,780)	-
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Uses (GAAP Basis)	$ (78,233)	$ (438)	$ (14,727)	$(287,279)	$ (9,276)	220,971	$ 794,587

NOTE 4 - Program Stabilization Fund:

The Commonwealth established a Program Stabilization Fund under Section 2H of Chapter 29 of the General Laws during fiscal 1987. This Fund was created to maintain a reserve from which appropriations may be made for the following specific purposes:

- to fund the difference between actual and allowable state revenues (as defined by the statute)
- to fund the state and local governments for actual reductions in federal financial assistance
- to provide funds for any event which threatens the health, safety or welfare of the citizens of the Commonwealth
- to provide funds for an event which threatens the fiscal stability of the Commonwealth or any of its political subdivisions

In the accompanying financial statements the Commonwealth has accounted for this fund as part of the General Fund. An account in the Fund Equity section of the balance sheet titled "Designated for Program Stabilization" has been established for this purpose. The legislation limits the General Fund, Highway Fund, and Local Aid Fund budgetary basis undesignated fund balances to .5% of the current fiscal year's budgetary basis state tax revenues. Any excess over this amount is transferred to the account "Designated for Program Stabilization." Amounts designated as of June 30, 1987 are $70,330,000 and there have been no appropriations made from this account.

NOTE 5 - Cash and Short-Term Investments and Investments:

The Commonwealth maintains a cash and short-term investment pool that is available for use by all funds, except the Enterprise Funds. Each fund type's equity in this pool is displayed on the combined balance sheet as Cash and Short-Term Investments and Deficiency in Cash and Short-Term Investments. In addition, other deposits and investments are separately held by several of the funds. The deposits and investments of the Enterprise Funds and the investments in pooled trusts for the Pension Trust Funds are held separately from those of other State Funds.

At year end, the carrying amount of the Commonwealth's deposits was approximately $970,000,000 and the bank balance was $989,860,000. Of the bank balance approximately $2,250,000 was covered by Federal depository insurance and approximately $987,607,000 was uninsured and uncollateralized.

Investments in the Commonwealth's short term investment pool are carried at cost which approximates market. Statutes authorize the Commonwealth to invest in obligations of the U.S. Treasury, authorized bonds of all states, banker's acceptances, certificates of deposit, commercial paper rated within the three highest classifications established by Standard & Poor's Corporation and Moody's Commercial Paper Record, and repurchase agreements that any of these obligations secure. In accordance with the provisions of Statement No. 3 of

the Governmental Accounting Standards Board, investments are classified as to credit risk by the three categories described below:

Category 1: Insured or registered, or securities held by the Commonwealth or its agent on the Commonwealth's name

Category 2: Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the Commonwealth's name

Category 3: Uninsured and unregistered, with securities held by the counterparty, or by its trust department or agent but not in the Commonwealth's name

The pooled short-term investments at June 30, 1987 (amounts expressed in thousands) are as follows:

	Category			Carrying	Market
	1	2	3	Value	Value
Repurchase Agreements	$ 314,200	$ -	$ -	$ 314,200	$ 314,200
Commercial Paper	295,002	-	-	295,002	295,002
Certificates of Deposit	364,833	-	-	364,833	364,833
State Treasurers Investment Pool	45,771	-	-	45,771	45,771
U.S. Treasury Obligations	906	-	-	906	906
Total	$1,020,000	$ -	$ -	$ 1,020,000	$1,020,000

The bank deposits of the Enterprise Funds are held separately. At year end, deposits were approximately $117,965,000 of which approximately $3,500,000 was covered by Federal depository insurance.

The investment policies of the Enterprise Funds are the same as the Commonwealth's except that they permit investment in equity securities. The investments at June 30, 1987 are as follows (amounts expressed in thousands):

	Category			Carrying Value	Market Value
	1	2	3		
Repurchase Agreements	$ -	$ -	$ 81,341	$ 81,341	$ 81,341
U.S. Treasury Obligations	63,452	44,351	-	107,803	107,561
Commercial Paper	-	-	4,000	4,000	4,000
Certificates of Deposit	47,418	-	-	47,418	47,470
Equity Securities	4,698	-	-	4,698	4,698
Notes	8,307	-	-	8,307	8,307
State Treasurer Investment Pool	415	-	-	415	415
	$ 124,290	$ 44,351	$ 85,341	253,982	253,792
Money Market Investments				73,161	73,161
Mutual Fund Investments				2,270	2,270
Total				$ 329,413	$ 329,223

The Pension Trust Funds have invested a significant portion of the net assets available for benefits in three pooled trusts (see Note 12). The trusts are permitted to make investments in equity securities, fixed income securities, real estate, and other alternative investments. The investments at June 30, 1987 are as follows (amounts expressed in thousands):

	Category			Carrying Value	Market Value
	1	2	3		
Equity Securities	$2,371,555	$ -	$ -	$ 2,371,555	$2,371,555
U.S. Treasury Obligations	1,865,817	-	-	1,865,817	1,865,817
Fixed Income Securities	599,836	-	-	599,836	599,836
Debt Securities	448,967	-	-	448,967	448,967
Other	31,862	-	-	31,862	31,862
	$5,318,037	$ -	$ -	5,318,037	5,318,037
Money Market Investments				296,564	296,564
Real Estate Investments				150,905	150,905
Total				$ 5,765,506	$5,765,506

NOTE 6 - Capital Assets:

ENTERPRISE FUNDS:
Fixed assets of the thirteen authorities and other organizations comprising the Commonwealth's Enterprise Funds consisted of the following as of June 30, 1987 (amounts expressed in thousands):

	Depreciable Assets	Non-depreciable Assets
Land and Improvements	$ -	$ 8,873
Structures and Improvements	2,365,740	134,633
Equipment	3,134,956	653,272
Less Accumulated Depreciation	(572,953)	-
Total	$4,927,743	$ 797,124

GENERAL FIXED ASSETS:
The following is a statement of changes in General Fixed Assets for the year ended June 30, 1987 (amounts expressed in thousands):

	Balance July 1,1986	Additions	Retire-ments	Balance June 30,1987
Land	$ 579,620	$ -	$ -	$ 579,620
Buildings	1,512,399	-		1,512,399
Machinery and Equipment	435,792	55,758	1,822	493,372
Total	$2,527,811	$ 55,758	$ 1,822	$ 2,585,391

NOTE 7 - Bonds and Notes Payable:

CAPITAL PROJECTS FUNDS:
The Commonwealth of Massachusetts has issued Bond Anticipation Notes for the purpose of financing capital projects in anticipation of future bond offerings. Notes outstanding at June 30, 1987 were $62,900,000 with interest rates ranging from 3.625% to 5.5%.

EXPENDABLE TRUST FUNDS:
The Commonwealth issues temporary notes and advances the proceeds to the Massachusetts Bay Transportation Authority and regional transit authorities. The transit authorities use the proceeds to meet operating deficits. The Commonwealth redeems the temporary notes through payments from cities and towns and/or future appropriations. Temporary notes outstanding at June 30, 1987 were $104,000,000 with an interest rate of 4.15%.

ENTERPRISE FUNDS:

MASSACHUSETTS BAY TRANSPORTATION AUTHORITY:
General Transportation System Bonds:
The Authority has issued bonds to provide funds to finance the plant and equipment improvement program. Interest rates range from 2.9% to 12.75%, payable semi-annually. Annual maturities of principal are as follows (amounts expressed in thousands):

Years ending June 30,	Amount
1988	$ 36,865
1989	37,474
1990	35,727
1991	34,241
1992	36,044
1993 and thereafter	730,205
Total	$ 910,556

The amounts above represent the face amount of bonds outstanding and differ from the amounts included in the Combined Balance Sheet due to treatment of original issue discount in the accompanying financial statements as a reduction of the principal amount due.

The legislative act under which the Authority was established provides that, if at any time, the Authority is unable to meet any interest or principal due on any bond issued by the Authority, sufficient funds will be remitted by the Commonwealth of Massachusetts to meet such obligations.

In 1987, the Authority issued $70,635,000 of Bonds, the proceeds of the issue being used to defease certainly previously issued Bonds. Various government obligations were purchased which will mature at such time, and yield interest in such amount, so that sufficient monies will be available therefrom to pay principal and interest on the refunded debt as it matures. The refunding resulted in a reported loss of approximately $10,115,000 which has been recognized as of the date of the refunding and will be offset in future years through reduced interest payments. In July of 1987, the Authority issued $50,000,000 of bonds which will be used to finance improvements in the Authority's capital improvement program.

Boston Metropolitan District Bonds:
These bonds were issued for transit purposes prior to formation of the Authority. The bonds mature in annual installments through 2020 with interest rates ranging from 2.90% to 9.33%. Maturities of principal are as follows (amounts expressed in thousands):

Years ending June 30,	Amount
1988	$ 2,745
1989	2,559
1990	2,489
1991	2,470
1992	2,470
1993 and thereafter	61,184
Total	$ 73,917

Amounts shown above represent the face amount of bonds outstanding and differ from the amounts shown on the accompanying combined balance sheet due to treatment of original issue discount in the accompanying financial statements as a reduction of the principal amount due.

Notes Payable:
The aggregate amount of the Massachusetts Bay Transportation Authority's notes payable at June 30, 1987, consisted of (amounts expressed in thousands):

Notes payable October 1, 1987 with an interest rate of 4.5%	$ 70,000
Notes payable March 4, 1988 with an interest rate of 4.0%	90,000
Total	$ 160,000

On October 1, 1987, $70,000,000 of maturing notes were refinanced by the issuance of new notes with a face value of $100,000,000 carrying interest rates of 5.75% and 6.0% which mature on September 30,1988.

MASSACHUSETTS CONVENTION CENTER AUTHORITY:
The Authority issued bonds totalling $200 million to partially finance the renovation and expansion of the Hynes Auditorium. Bonds outstanding as of June 30, 1987, consisted of (amounts expressed in thousands):

Serial bonds maturing between 1987 and 2001, with interest rates ranging from 5.25% to 9.90%	$ 133,290
Term bonds maturing between 2001 and 2005 with interest rates ranging from 9.125% to 10.00%	52,245
Total	$ 185,535

Maturities of principal are as follows (amounts expressed in thousands):

Years ending June 30,	Amount
1988	$ 8,710
1989	9,280
1990	9,935
1991	10,675
1992	11,500
1993 and thereafter	135,435
Total	$ 185,535

The legislative act authorizing the issuance of debt securities by the Authority provides for participation by the Commonwealth of Massachusetts in the full payment of the annual debt service costs.

MASSACHUSETTS WATER RESOURCES AUTHORITY:
The Authority issued bonds totaling $150 million, the proceeds of which were used in the transition of assets to the Authority. The amounts outstanding at June 30, 1987 are as follows (amounts expressed in thousands):

Series A, 5.25%, due July 1, 1989	$ 75,000
Series B, with interest rates ranging from 4.375% to 5.375% due between July 1987 and July 1989	75,000
Less unamortized issuance and discount costs	(1,247)
Total	$ 148,753

The Authority has entered into a Guaranty Agreement with the Commonwealth of Massachusetts to secure payment of certain notes issued by the Authority. As such, the Commonwealth may guarantee up to $600 million aggregate principal amount of notes issued by the Authority. Such securities must mature by June 30, 1990, except that notes issued in anticipation of revenue shall be payable no later than one year from their date of issuance. The Authority has issued $150 million guaranteed notes as of June 30, 1987.

HIGHER EDUCATION BUILDING AUTHORITIES:
The Authorities have issued revenue and other bonds for the acquisition and construction of student housing and other facilities. Interest rates vary between 3% and 9.875%.

Approximate maturities of principal (amounts expressed in thousands) are as follows:

Year ending June 30,	Amount
1988	$ 1,367
1989	1,517
1990	2,472
1991	2,613
1992	2,770
1993 and thereafter	179,225
Total	$ 189,964

The enabling legislation relating to the Authorities provides for financial support from the Commonwealth of Massachusetts in the form of full faith and credit guarantees.

GENERAL LONG-TERM DEBT:

General obligation bonds of the Commonwealth are authorized and issued primarily to provide funds for state-owned capital projects and local government improvement. Under the constitution of the Commonwealth of Massachusetts, both houses of the Legislature approve, by a separate enabling act, a loan for a specific purpose or objective. Thereafter, the issuance of bonds is made for a specified amount for part or all of the loan authorized by a particular enabling act.

General obligation bonds are paid from the Debt Service fund, backed by the full faith and credit of the Commonwealth for the payment of the principal of and interest on the bonds.

General obligation bonds outstanding and bonds authorized but unissued (amounts exressed in thousands) as of June 30, 1987, are as follows:

Purpose	OUTSTANDING		AUTHORIZED BUT UNISSUED
	Interest Rates	Amount	Amount
General Fund	1.75% to 12%	$ 2,918,256	$ 2,787,000
Government Land Bank	5.0% to 14.1%	22,011	5,896
Federally Assisted Housing	5.6% to 9%	7,705	3,447
Highway Fund	2.9% to 12%	887,610	702,958
Inland Fisheries and Game	4.6%	200	-
State Recreation Areas	3.2% to 12%	32,474	80,761
Metropolitan Parks District	3.25% to 12%	41,653	91,473
Metropolitan Sewerage District	1.75% to 9.875%	71,972	-
Metropolitan Water District	.10% to 12%	92,837	-
Local Aid	6.5%	14,800	634,200
Inter-City Bus	-	-	5,000
Total		$ 4,089,518	$ 4,310,735

As of June 30, 1987, general obligation bonded debt service requirements for principal and interest (amounts expressed in thousands) are as follows:

Years ending June 30,	Principal	Interest	Total
1988	$ 279,818	$ 264,501	$ 544,319
1989	279,014	246,642	525,656
1990	293,034	236,200	529,234
1991	307,211	221,865	529,076
1992	302,701	201,278	503,979
1993 and thereafter	2,627,740	964,132	3,591,872
Total	$ 4,089,518	$ 2,134,618	$ 6,224,136

Changes in general obligation bonds for the year ended June 30, 1987 are as follows (amounts expressed in thousands):

	Outstanding as of July 1, 1986	Issuances	Retirements	Outstanding as of June 30 1987	Maturity Dates
General Fund	$ 2,637,900	$ 696,600	$ 534,100	$2,800,400	1988-2007
Government Land Bank	23,900	3,700	5,600	22,000	1988-2007
Federally Assisted Housing	66,700	7,700	66,700	7,700	1988-2003
Highway Fund	904,100	126,600	143,100	887,600	1988-2007
Local Aid	-	14,800	-	14,800	1988-2007
Inland Fisheries and Game	300	-	100	200	1988-1991
State Recreation Areas	37,300	5,200	9,800	32,500	1988-2005
Total Direct Debt	3,670,000	854,600	759,400	3,765,200	
Metropolitan Parks District	52,300	-	10,700	41,600	1988-2004
Metropolitan Sewerage District	83,800	-	11,800	72,000	1988-2015
Metropolitan Water District	107,100	-	14,300	92,800	1988-2025
Total District Debt	243,200	-	36,800	206,400	
General Fund-Mini Bonds	86,700	38,600	7,400	117,900	1988-1992
Total Long-Term Debt	$ 3,999,900	$ 893,200	$ 803,600	$4,089,500	

During the year ended June 30,1987, the Commonwealth issued $528,120,000 of General Obligation Refunding Bonds, the net proceeds of which were used to purchase U.S. Government Obligations sufficient to fully provide for the timely payment of the debt service of $472,345,000 of previously issued General Obligation Bonds (the Refunded Bonds). The Commonwealth has determined that the refunding transaction will provide an aggregate savings,

over the life of the Refunding Bonds, based on the difference beteen debt service payable on the Refunded Bonds and the debt service payable on the Refunding Bonds, of $45,488,000, having a present value discounted semiannually at a rate of interest equal to the yield on the Refunding Bonds, of $28,460,000.

The Commonwealth also issued $7,705,000 of Refunding Bonds as part of a re-financing plan to provide for the advance refunding of $66,280,000 of General Obligation - Federally Assisted Housing Bonds. The U.S. Government Obligations purchased to retire the Refunded Bonds and the Federally Assisted Housing Bonds were deposited in escrow accounts with trustees. As a result of these transactions these bonds are deemed to be defeased and, accordingly, are no longer reported as long-term debt in the accompanying financial statements.

Subsequent to June 30, 1987, the Commonwealth has issued $450,000,000 of Revenue Anticipation Notes maturing in April 1988 with interest at 6%. The Commonwealth has also issued $350,000,000 of General Obligation Bonds maturing between 1988 and 2007, with interest rates ranging from 5.0% to 8.12%.

NOTE 8 - Changes In Long-Term Obligations:

Changes in long-term obligations for the year ended June 30, 1987, are summarized below (amounts expressed in thousands):

	General Obligation Bonds	School Construction Grants	Compensated Absences	Claims and Judgments
Balance July 1, 1986	$ 3,999,866	$ 747,527	$ 83,618	$ 12,500
Bond Issuances	893,262	-	-	-
Bond Principal Retirements	803,610	-	-	-
Net Increase in School Construction Grants	-	244,281	-	-
Net Increase in Compensated Absences	-	-	19,791	-
Net Increase in Claims and Judgments	-	-	-	84,244
Balance, June 30, 1987	$ 4,089,518	$ 991,808	$ 103,409	$ 96,744

NOTE 9 - Special Revenue Fund Deficits:

The Special Revenue Fund includes the following funds with fund deficits (amounts expressed in thousands):

Fund	Amount
Federal Grants	$ 11,699
Anti-Trust Law Enforcement	256
Federally-Assisted Housing Bond Debt	5,284
Government Land Bank	7,313
Inter City Bus	598

It is anticipated that these fund deficits will be reduced and eliminated by future appropriations from the general fund and federal grants and reimbursements.

NOTE 10 - Adjustments To Fund Equity:

For the fiscal year ended June 30, 1987, certain changes have been made to the financial statements to better conform with the governmental model. Additionally, certain reclassifications have been made to the 1986 balances to conform to the presentation used in 1987.

The following schedule details the restatements made to fund equity as of June 30, 1986, to give retroactive effect to these changes (amounts expressed in thousands):

	General	Special Revenue	Expendable Trusts	Non-expendable Trusts
Fund Equity, June 30, 1986, as Previously Reported	$ 622,797	$ 421,673	$ 1,216,917	$ 22,421
To Record the Effect of Changes in Accounting for Advances to the the MBTA and Assessments to Cities and Towns	(89,747)	(22,348)	-	-
To Restate College and University Funds	(3,054)	-	(30,671)	(497)
To Reclassify Funds	1,399	-	-	(1,399)
Fund Equity, June 30, 1986, as Adjusted	$ 531,395	$ 399,235	$ 1,186,246	$ 21,519

NOTE 11 - Segment Information - Enterprise Funds:

Activity segments included in Enterprise Funds are described in Note 1. Selected financial information with respect to these segments is as follows (amounts expressed in thousands):

	SEGMENTS				
	Trans-portation	Conventions and Parking	Water Supply Waste Disposal	Housing	Economic Development
Operating Revenues	$ 113,594	$ 3,458	$ 95,955	$ -	$ 6,636
Depreciation	81,240	660	45,102	23	2,525
Operating Loss	(381,768)	(2,446)	(10,177)	(7,676)	(9,680)
Non-operating Revenues (Expenses)	(34,540)	(15,961)	(35,889)	(4,771)	16,044
Transfers In	352,596	17,438	-	11,184	2,648
Current Capital Contributions	170,021	21,440	3,635	-	10,149
Fixed Asset Additions	319,428	68,484	36,933	3,632	8,713
Total Assets	3,354,884	305,189	2,499,907	293,231	120,948
Bonds and Notes Payable	1,059,395	185,535	148,753	189,964	-
Total Capital	2,103,865	97,111	2,283,621	102,532	105,264

NOTE 12 - State Administered Retirement Systems:

There are two major Commonwealth retirement systems, one for employees of the Commonwealth and one for teachers of cities (except the city of Boston), towns, regional school districts, and Quincy Junior College. As discussed below, the Commonwealth has also asssumed responsibility for cost-of-living adjustments granted to participants in retirement systems of cities, towns, and counties. Employees of certain independent authorities, agencies, the Massachusetts Bay Transportation Authority, and employees of counties, cities, and towns are covered by separate retirement systems.

Funding for both the State Employees' Retirement System (SERS) and the Teachers' Retirement System (TRS) is provided primarily by the Commonwealth and employee contributions. Both SERS and TRS are contributory-defined benefit plans and are administered by the SERS and TRS Retirement Boards. Members hired prior to January 1, 1975, contribute 5% of their salary. Those hired between January 1, 1975 and January 1, 1984, contribute 7%, and those hired after January 1, 1984, contribute 8%. Required annual contributions have been made by the Commonwealth determined primarily on a "pay-as-you-go" basis ($488,500,000 in fiscal year 1987).

In addition to required contributions in 1987, the Commonwealth has dedicated 16.7% of the alcoholic beverage tax ($14,000,000), a portion of Federal grant reimbusements applicable to pension costs ($14,000,000) and has appropriated $105,970,000 towards the unfunded liability.

For investment and management purposes, the Commonwealth has invested pension and retirement assets in the following pooled trusts:

Treasurer's Fixed Income Securities Trust (TFIST) is a combined investment fund for SERS and TRS.

Treasurer's Management Trust (TMT) is a combined investment fund for SERS and TRS.

Pension Reserve Investment Trust (PRIT) serves as the investment portfolio for the assets of SERS, TRS, and local retirement boards.

Individual retirement systems investments at market value in the pooled trusts are as follows (amounts expressed in thousands):

	TFIST	TMT	PRIT	Total
State Employees Retirement System	$ 1,056,029	$ 677,262	$ -	$1,733,291
Teachers' Retirement System	1,297,876	732,773	-	2,030,589
Pension Reserve Funds	-	-	2,029,645	2,029,645
Total	$ 2,353,845	$ 1,410,035	$2,029,645	$5,793,525
Cost	$ 1,951,620	$ 1,037,200	$1,643,682	$4,632,502

The Commonwealth commissions periodic actuarial valuations of the retirement plans. The most recent valuation was performed as of January 1, 1987. The actuarial present value of accumulated plan benefits are those future periodic payments that are attributable under the plan's provisions to the service employees have rendered. Accumulated plan benefits include benefits expected to be paid to (a) retired or terminated employees or their beneficiaries, (b) beneficiaries of employees who have died, and (c) present employees or their beneficiaries. Benefits payable under all circumstances are included to the extent they are deemed attributable to employee service rendered to the valuation date. The following is a summary of the actuarial present value of accumulated plan benefits and net assets available for benefits (amounts expressed in thousands) as of January 1, 1987:

Accumulated Plan Benefits:

Current Employees:	
Employee Contribution	$ 2,229,000
State Financed-Vested	2,366,000
State Financed-Non Vested	3,021,000
	7,616,000
Non Active Participants	4,969,000
Accumulated Benefits	12,585,000
Assets at Market Value	5,185,000
Unfunded Pension Benefit Obligation	$ 7,400,000

The results of the January 1, 1987 valuation are based upon actuarial assumptions used, the principal ones being the number of active members and pensioners of the retirement systems, mortality in accordance with the 1971 group annuity mortality table adjusted for increased lifespan, investment returns of 8% amortization of unfunded actuarial liability over thirty years, a payment growth rate of 4.5%, continuation of the $30,000 pay cap, average annual salary increases of 6%, and annual cost-of-living increases of 3%. Based on these assumptions, the pension expense for 1987 would have been approximately $590,000,000. The Commonwealth has not provided, in the accompanying financial statements, for the difference between pension costs funded under the "pay-as-you-go method" and the amount determined under the above set of assumptions.

Beginning in 1981, the Commonwealth assumed financial responsibility for cost of living adjustments (COLA) granted to participants in retirement systems of cities, towns, and counties. The last actuarially determined present value of future COLA accrued benefits granted to date as of January 1, 1983 was $882,000,000. The Commonwealth is currently updating this valuation as of January 1, 1987. The estimated present value of future COLA accrued benefits granted to date as of January 1, 1987 was approximately $1,655,000,000. Any future COLA granted by the State Legislature to employees of these plans will also be the responsibility of the Commonwealth. Expenditures for COLA are recorded when paid to the local retirement systems. During fiscal year 1987, the Commonwealth funded $52,500,000 toward the COLA commitment.

NOTE 13 - Deferred Compensation Plan:

The Commonwealth offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all employees of the Commonwealth, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are (until paid or made available to the employee or other beneficiary)

solely the property and rights of the Commonwealth (without being restricted to the provision of benefits under the plan), subject only to the claims of the Commonwealth's general creditors. Participants' rights under the plan are equal to the fair market value of the deferred account for each participant. All assets and liabilities of the plan are stated at market value.

It is the opinion of the Commonwealth's legal counsel that the Commonwealth has no liability for losses under the plan but does have the duty of due care that would be required of an ordinary prudent investor. The plan assets are subject to the claims of the Commonwealth's general creditors; however, to the knowledge of legal counsel, no assets have been used in the past to satisfy such claims.

Of the $237,200,000 in the plan at June 30, 1987, $24,600,000 was applicable to the Commonwealth while the remaining $212,600,000 represents the assets of cities and towns participating in the plan. The assets and liabilities of the deferred compensation plan are included in agency funds at June 30, 1987.

NOTE 14 - Commitments:

The Commonwealth is obliged to pay the Massachusetts Bay Transportation Authority (MBTA) and the fourteen regional transit authorities for their net cost of service (current expenses, including interest on debt, minus current income) and to advance funds sufficient to meet outstanding bonds and notes if funds are not otherwise available. The Commonwealth recovers a portion of these payments through assessments to cities and towns served by these authorities.

Effective December 31, 1986, the MBTA entered into a sale-leaseback agreement with a major financial institution (the lessor) covering 50 new light rail vehicles. The lease expires in 2012. Upon termination of the lease, the MBTA may purchase the vehicles at a price equal to the lesser of 70% of the lessor's original purchase price (approximately $50,700,000) or residual fair market value, as defined. The MBTA has guaranteed a residual fair market value at termination of the lease equal to 20% of the lessor's original purchase price. The MBTA may also voluntarily terminate the lease at any time after 1994 and purchase the vehicles at an amount as provided for under the agreement.

The lease has been accounted for as an operating lease under generally accepted accounting prinicples. Future minimum lease payments, which are eligible for 90% state contract assistance, are as follows (amounts expressed in thousands):

Year ending June 30,	Amount
1988	$ 3,979
1989	3,979
1990	3,979
1991	3,979
1992	3,979
1993 and thereafter	77,926
	$ 97,821

At June 30, 1987, the MBTA had commitments of approximately $437,744,000 relating to the program of mass transportation development. A significant portion of these commitments is expected to be reimbursed from proceeds of approved federal grants when the costs are incurred. The remaining portion will be financed by bond issues and state and local sources.

At June 30, 1987, the Massachusetts Convention Center Authority had commitments of approximately $50,651,000 relating to the expansion of the Hynes Convention Center and the Massachusetts Water Resources Authority (MWRA) had commitments of approximately $60,461,000 relating to a capital improvement program.

Subsequent to June 30, 1987, the MWRA entered into a purchase and sale agreement to acquire the assets of the property formerly known as the Quincy Shipyard for a cash payment of $49,950,000. This property consists principally of 183 acres of land, several buildings, and certain equipment. The Authority currently plans to use this property primarily as a staging area for the construction of its waste water treatment plant on Deer Island. The Authority plans to secure $50,000,000 of short-term debt maturing in February 1988 to finance this purchase.

NOTE 15 - Contingencies:

There are a number of lawsuits pending or threatened against the Commonwealth which arose from the ordinary course of operations, including claims for property damage and personal injury, breaches of contract, condemnation proceedings and other alleged violations of law. For those cases in which it is probable or reasonably possible that a loss will be incurred and the amount of the potential judgment can be reasonably estimated, the Attorney General estimates the liability to be $130,383,000, of which $96,744,000 is recorded in the General Long-Term Obligations Account Group.

The Commonwealth receives significant financial assistance from the U.S. Government. Entitlement to the resources is generally conditioned upon compliance with terms and conditions of the grant agreements and applicable Federal regulations, including the expenditure of the resources for eligible purposes. Substantially all grants are subject to financial and compliance audits by the grantors. Any disallowances as a result of these audits become a liability of the fund which receives the grant. As of June 30, 1987, the Commonwealth estimates that nonmaterial liabilities will result from such audits.

The Commonwealth guarantees the debt of certain authorities and local governments. In addition to the guaranteed debt disclosed in Note 7, the outstanding guaranteed debt at June 30, 1987, is approximately $20,500,000 and $1,800,000 of debt issued by local housing authorities and the Town of Mashpee, respectively.

The Commonwealth also guarantees certain debt under statutory requirements. The debt so guaranteed at June 30, 1987, is approximately $36,500,000 and $22,200,000 issued by regional transit authorities and the Woods Hole, Martha's Vineyard and Nantucket Steamship Authority, respectively.

The Massachusetts Water Resources Authority has been party to several state and federal lawsuits. The Authority is required to comply with a detailed schedule of actions to achieve and maintain compliance with the requirements of the Clean Water Act. The Authority anticipates capital expenditures of approximately $5,000,000,000 between 1988 and 1999. Funding is expected from various federal and state grants and debt issuance proceeds.

NOTE 16 - Subsequent Event:

The Pension Reform Act of 1987 was enacted by the Legislature, and signed by the Governor, during January, 1988. The Pension Reform Act commits the Commonwealth to a full-funding schedule in place of the pay-as-you-go system for employees covered by the state retirement plans. The Commonwealth will amortize the unfunded pension liability over a forty year period and the $30,000 pay cap used to calculate retirement benefits for employees hired after 1978 is abolished. To partially fund the elimination of this cap, these employees will pay a higher pension contribution on that portion of their salary over $30,000. These assumptions differ from those used in the actuarial valuation discussed in Note 12. The effect of these changes in actuarial assumptions on the unfunded pension obligation is not known at this time.

COMMONWEALTH OF MASSACHUSETTS
COMPARATIVE BALANCE SHEETS
GENERAL FUND (000's omitted)
June 30, 1987

	1987	1986
ASSETS		
Cash and Short-Term Investments	$ 941,512	$ 1,119,841
Receivables, Net of Allowance for Uncollectibles:		
Taxes	641,047	496,562
Due from Federal Government	279,582	240,732
Other Receivables	160,784	216,718
Due from Other Funds	-	44,431
Due from Cities and Towns	55,000	-
Total Assets	$ 2,077,925	$ 2,118,284
LIABILITIES AND FUND EQUITY		
Liabilities:		
Accounts Payable	$ 997,155	$ 755,246
Tax Refunds and Abatements Payable	198,376	216,077
Other Accrued Liabilities	145,929	130,505
Chapter 555 Tax Refund Payable	17,533	-
Due to Other Funds	148,578	365,295
Deferred Revenue	113,225	119,766
Liabilities Due Depositors	3,967	-
Total Liabilities	1,624,763	1,586,889
Fund Equity:		
Fund Balances:		
Reserved for:		
Encumbrances	-	89,984
Unreserved	453,162	441,411
Total Fund Equity	453,162	531,395
Total Liabilities and Fund Equity	$ 2,077,925	$ 2,118,284

COMMONWEALTH OF MASSACHUSETTS
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND EQUITY
GENERAL FUND (000's omitted)
for the fiscal year ended June 30, 1987

	1987	1986
Revenues:		
Income Taxes	$ 2,597,505	$ 2,124,794
Sales and Use Taxes	1,190,800	1,034,256
Corporate Taxes	679,669	498,969
Other Taxes	654,563	1,095,321
Assessments	73,569	18,538
Federal Grants and Reimbursements	1,445,791	1,286,323
Departmental	470,077	720,492
Miscellaneous	100,355	38,026
Total Revenues	7,212,329	6,816,719
Expenditures:		
Legislature	44,686	41,856
Inspector General	2,760	1,125
Judiciary	53,240	51,746
Executive	3,593	5,026
Secretary of the Commonwealth	13,876	7,746
Treasurer and Receiver-General	298,558	199,765
Auditor of the Commonwealth	10,778	6,347
Attorney General	28,037	22,592
Ethics Commission	950	725
District Attorney	9,487	-
Administration and Finance	393,572	418,137
Environmental Affairs	78,509	67,175
Communities and Development	134,572	110,108
Human Services	4,073,143	3,732,899
Transportation and Construction	26,997	27,800
Education	50,747	869,709
Higher Education	908,593	-
Public Safety	33,611	32,086
Economic Affairs	54,880	29,142
Elder Affairs	135,162	114,047
Consumer Affairs	24,364	19,720
Energy Resources	2,250	2,109
Labor	17,513	9,957
Independent Commissions	7,694	-
Debt Service:		
Principal Retirement	193,096	173,421
Interest and Fiscal Charges	200,401	238,481
Total Expenditures	6,801,069	6,181,719
Excess of Revenues Over Expenditures	411,260	635,000
Other Financing Sources (Uses):		
Proceeds of General Obligation Bonds	-	-
Proceeds of Refunding Bonds	-	-
Increase in Temporary Notes	-	-
Transfers In	341,619	105,280
Transfers Out	(813,579)	(701,805)
Payments to Refunded Bonds Escrow Agents	-	-
Chapter 555 Tax Refund	(17,533)	-
Total Other Financing Sources (Uses)	(489,493)	(596,525)
Excess of Revenues and Other Financing Sources Over Expenditures and Other Uses	(78,233)	38,475
Fund Equity at Beginning of Year	531,395	584,322
Fund Equity at End of Year	$ 453,162	$ 622,797

COMMONWEALTH OF MASSACHUSETTS
COMBINING BALANCE SHEET
SPECIAL REVENUE FUNDS (000's omitted)
June 30, 1987

	Local Aid	Highway	Federal Grants	Arts and State Lotteries	Other	TOTALS 1987	TOTALS 1986
ASSETS							
Cash and Short-Term Investments	$ 214,028	$ 71,057	$ 106,586	$ 41,510	$ 68,297	$ 501,478	$ 549,393
Investments	-	-	-	490,965	-	490,965	395,194
Receivables, Net of Allowance for Uncollectibles:							
Taxes	277,772	-	-	-	-	277,772	179,081
Due From Federal Government	-	9,762	9,991	-	188	19,941	21,162
Other Receivables	-	-	-	2,814	1,139	3,953	17,333
Due from Other Funds	-	-	-	-	19,295	19,295	20,362
Due from Cities and Towns	4,511	-	-	-	-	4,511	5,191
Total Assets	$ 496,311	$ 80,819	$ 116,577	$ 535,289	$ 88,919	$ 1,317,915	$ 1,187,716
LIABILITIES AND FUND EQUITY							
Liabilities:							
Accounts Payable	$ 69,427	$ 26,288	$ 56,154	$ 5,448	$ 4,400	$ 161,717	$ 157,403
Tax Refunds and Abatements Payable	132,251	-	-	-	-	132,251	-
Other Accrued Liabilities	45	15,936	72,122	-	305	88,408	60,972
Chapter 555 Tax Refund Payable	11,688	-	-	-	-	11,688	-
Due to Other Funds	1,778	31,293	-	-	-	33,071	169,344
Deferred Revenue	-	974	-	-	44	1,018	5,568
Prizes Payable	-	-	-	490,965	-	490,965	395,194
Total Liabilities	215,189	74,491	128,276	496,413	4,749	919,118	788,481
Fund Equity (Deficit):							
Fund Balances (Deficit):							
Reserved for:							
Encumbrances	-	-	-	-	-	-	94,738
Due from Cities and Towns	4,511	-	-	-	-	4,511	5,191
Unreserved	276,611	6,328	(11,699)	38,876	84,170	394,286	299,306
Total Fund Equity (Deficit)	281,122	6,328	(11,699)	38,876	84,170	398,797	399,235
Total Liabilities and Fund Equity	$ 496,311	$ 80,819	$ 116,577	$ 535,289	$ 88,919	$ 1,317,915	$ 1,187,716

COMMONWEALTH OF MASSACHUSETTS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND EQUITY
SPECIAL REVENUE FUNDS (000's omitted)
for the fiscal year ended June 30, 1987

	Local Aid	Highway	Federal Grants	Arts and State Lotteries	Other	TOTALS 1987	TOTALS 1986
Revenues:							
Income Taxes	$ 1,542,692	$ -	$ -	$ -	$ -	$ 1,542,692	$ 1,396,363
Sales and Use Taxes	747,041	-	-	-	-	747,041	690,569
Corporate Taxes	346,913	-	-	-	-	346,913	335,135
Other Taxes	330	289,576	-	-	12,854	302,760	286,720
Assessments	-	2,320	-	-	1,479	3,799	1,706
Federal Grants and Reimbursements	-	15,455	759,081	-	1,569	776,105	844,838
Departmental	122	187,604	-	1,265,904	39,419	1,493,049	1,281,298
Miscellaneous	10	311	-	2,844	961	4,126	110
Total Revenues	2,637,108	495,266	759,081	1,268,748	56,282	5,216,485	4,836,739
Expenditures:							
Judiciary	197,771	-	95	-	-	197,866	216,516
Executive	-	-	-	-	-	-	2,866
Secretary of the Commonwealth	-	-	621	-	-	621	576
Treasurer and Receiver-General	949,388	42,448	202	807,854	597	1,800,489	1,514,727
Auditor of the Commonwealth	-	-	-	-	-	-	2,711
Attorney General	-	-	(66)	-	450	384	968
District Attorney	27,724	323	1,205	-	2,794	32,046	-
Administration and Finance	297,566	57,043	2,926	-	5,617	363,152	336,804
Environmental Affairs	35,951	39,796	18,547	-	9,015	103,309	116,157
Communities and Development	12,757	-	143,781	-	4,056	160,594	155,453
Human Services	1,539	-	202,518	-	22	204,079	220,458
Transportation and Construction	12,331	151,641	11,417	-	4,059	179,448	196,023
Education	1,575,150	-	218,402	-	-	1,793,552	1,637,292
Higher Education	-	-	5,950	-	-	5,950	-
Public Safety	717	87,173	7,525	-	-	95,415	80,059
Economic Affairs	-	-	123,255	-	-	123,255	121,504
Elder Affairs	-	-	29,932	-	-	29,932	16,196
Consumer Affairs	-	2,794	(998)	-	-	1,796	2,521
Energy Resources	-	-	2,347	-	-	2,347	3,310
Labor	-	-	614	-	-	614	430
Independent Commissions	21,448	-	2,844	-	-	24,292	-
Debt Service:							
Principal Retirement	-	60,955	-	-	2,433	63,388	54,140
Interest and Fiscal Charges	448	56,004	-	-	3,487	59,939	56,043
Total Expenditures	3,132,790	498,177	771,117	807,854	32,530	5,242,468	4,734,754

COMMONWEALTH OF MASSACHUSETTS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND EQUITY
SPECIAL REVENUE FUNDS (000's omitted)
for the fiscal year ended June 30, 1987

continued

	Local Aid	Highway	Federal Grants	Arts and State Lotteries	Other	TOTALS 1987	TOTALS 1986
Excess (Deficiency) of Revenues Over Expenditures	(495,682)	(2,911)	(12,036)	460,894	23,752	(25,983)	101,985
Other Financing Sources (Uses):							
Transfers In	594,960	103,964	-	14,222	4,579	717,725	585,170
Transfers Out	(74,543)	(125,528)	(8,750)	(471,110)	(561)	(680,492)	(715,643)
Chapter 555 Tax Refund	(11,688)	-	-	-	-	(11,688)	-
Total Other Financing Sources (Uses)	508,729	(21,564)	(8,750)	(456,888)	4,018	25,545	(130,473)
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Uses	13,047	(24,475)	(20,786)	4,006	27,770	(438)	(28,488)
Fund Equity at Beginning of Year	268,075	30,803	9,087	34,870	56,400	399,235	427,723
Fund Equity (Deficit) at End of Year	$ 281,122	$ 6,328	$ (11,699)	$ 38,876	$ 84,170	$ 398,797	$ 399,235

COMMONWEALTH OF MASSACHUSETTS
COMBINING BALANCE SHEET
CAPITAL PROJECTS FUNDS (000's omitted)
June 30, 1987

	General	Highway	Federal	Other	TOTALS 1987	TOTALS 1986
ASSETS						
Cash and Short-Term Investments	$ -	$ -	$ 70,766	$ -	$ 70,766	$ 170,380
Receivables, Net of Allowance for Uncollectibles:						
Due from Federal Government	-	-	95,549	-	95,549	68,785
Total Assets	$ -	$ -	$ 166,315	$ -	$ 166,315	$ 239,165
LIABILITIES AND FUND EQUITY						
Liabilities:						
Deficiency in Cash and Short-Term Investments	$ 176,841	$ 382,811	$ -	$ 25,804	$ 585,456	$ 416,591
Accounts Payable	30,830	27,181	63,354	6,107	127,472	73,365
Other Accrued Liabilities	23	-	901	17	941	583
Deferred Revenue	-	-	11,698	-	11,698	13,699
Bonds and Notes Payable	28,200	8,400	-	26,300	62,900	69,800
Total Liabilities	235,894	418,392	75,953	58,228	788,467	574,038
Fund Equity (Deficit):						
Fund Balances (Deficit):						
Reserved for Encumbrances	-	-	-	-	-	248,112
Unreserved	(235,894)	(418,392)	(90,362)	(58,228)	(622,152)	(582,985)
Total Fund Equity (Deficit)	(235,894)	(418,392)	90,362	(58,228)	(622,152)	(334,873)
Total Liabilities and Fund Equity	$ -	$ -	$ 166,315	$ -	$ 166,315	$ 239,165

COMMONWEALTH OF MASSACHUSETTS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND EQUITY
CAPITAL PROJECTS FUNDS (000's omitted)
for the fiscal year ended June 30, 1987

	General	Highway	Federal	Other	TOTALS 1987	TOTALS 1986
Revenues:						
Federal Grants and Reimbursements	$ 149	$ -	$ 135,490	$ -	$ 135,639	$ 122,359
Departmental	5	-	-	25	30	930
Total Revenues	154	-	135,490	25	135,669	123,289
Expenditures:						
Legislature	129	-	-	-	129	24
Judiciary	-	-	-	-	-	173
Executive	-	-	-	-	-	791
Secretary of the Commonwealth	-	-	-	-	-	4,678
Administration and Finance	128,577	3,103	-	19,875	151,555	16,831
Environmental Affairs	110,493	7,737	-	24,565	142,795	143,870
Communities and Development	101,296	-	-	851	102,147	44,680
Human Services	(2,449)	-	-	-	(2,449)	61,096
Transportation and Construction	12,061	132,001	232,321	55	376,438	321,532
Education	(5,624)	-	-	-	(5,624)	37,191
Higher Education	5,115	-	-	-	5,115	-
Public Safety	22	103	-	65	190	22
Energy Resources	3,642	-	-	-	3,642	1,313
Total Expenditures	353,262	142,944	232,321	45,411	773,938	632,201
Deficiency of Revenues Over Expenditures	(353,108)	(142,944)	(96,831)	(45,386)	(638,269)	(508,912)
Other Financing Sources (Uses):						
Proceeds of General Obligation Bonds	189,649	134,858	-	28,597	353,104	480,098
Proceeds of Refunding Bonds	518,423	-	-	7,651	526,074	-
Transfers In	-	-	-	-	-	202,084
Transfers Out	(2,091)	(23)	-	-	(2,114)	(220,227)
Payments to Refunded Bonds Escrow Agents	(518,423)	-	-	(7,651)	(526,074)	-
Total Other Financing Sources (Uses)	187,558	134,835	-	28,597	350,990	461,955
Deficiency of Revenues and Other Financing Sources Over Expenditures and Other Uses	(165,550)	(8,109)	(96,831)	(16,789)	(287,279)	(46,957)
Fund Equity (Deficit) at Beginning of Year	(70,344)	(410,283)	187,193	(41,439)	(334,873)	(287,916)
Fund Equity (Deficit) at End of Year	$ (235,894)	$ (418,392)	$ 90,362	$ (58,228)	$ (622,152)	$ (334,873)

COMMONWEALTH OF MASSACHUSETTS
COMBINING BALANCE SHEET
ENTERPRISE FUNDS (000's omitted)
June 30, 1987

	Massachusetts Bay Transportation Authority	Massachusetts Convention Center Authority	Massachusetts Water Resources Authority	Higher Education Building Authorities	Other	TOTALS 1987	TOTALS 1986
ASSETS							
Cash and Short-Term Investments	$ 11,987	$ 10,181	$ 12,000	$ 11,439	$ 19,199	$ 66,006	$ 66,082
Investments		1,209		99,522	31,081	131,812	93,117
Receivables, Net of Allowance for Uncollectibles:							
Due from Federal Government	10,273			106		10,378	10,210
Loans				1,541	18,363	19,904	17,524
Other Receivables	9,944		2,017		1,058	13,019	119,338
Due from Other Funds	156,468	10,530			500	167,498	259,214
Inventory (at Cost)	28,447		3,604			34,051	38,085
Fixed Assets	3,074,712	173,332	2,339,754	177,990	19,079	5,724,867	5,416,320
Restricted and Other Assets	121,854	109,937	140,532	2,633	31,668	406,624	434,202
Total Assets	$ 3,354,884	$ 305,189	$ 2,499,907	$ 293,231	$ 120,948	$ 6,574,159	$ 6,454,092
LIABILITIES AND CAPITAL							
Liabilities:							
Accounts Payable	$ 21,004	$ 11,444	$ 12,408	$ 729	$ 2,301	$ 47,886	$ 54,695
Other Accrued Liabilities	94,355	11,040	5,058	6	451	110,910	87,495
Due to Other Funds			19,295			19,295	34,374
Deferred Revenue	76,265	59	30,772		12,932	120,028	97,229
Bonds and Notes Payable	1,059,395	185,535	148,753	189,964		1,583,647	1,591,059
Total Liabilities	1,251,019	208,078	216,286	190,699	15,684	1,881,766	1,864,852
Capital:							
Contributed Capital	2,171,589	87,731	2,283,621		44,362	4,587,303	4,474,874
Retained Earnings:							
Reserved		8,019		203	12,110	20,332	19,498
Unreserved	(67,724)	1,361		102,329	48,792	84,758	94,868
Total Capital	2,103,865	97,111	2,283,621	102,532	105,264	4,692,393	4,589,240
Total Liabilities and Capital	$ 3,354,884	$ 305,189	$ 2,499,907	$ 293,231	$ 120,948	$ 6,574,159	$ 6,454,092

COMMONWEALTH OF MASSACHUSETTS
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS
ENTERPRISE FUNDS (000's omitted)
for the fiscal year ended June 30, 1987

	Massachusetts Bay Transportation Authority	Massachusetts Convention Center Authority	Massachusetts Water Resources Authority	Higher Education Building Authorities	Other	TOTALS 1987	TOTALS 1986
Operating Revenues:							
Charges for Services	$ 113,594	$ 3,458	$ 95,955	$ -	$ 1,664	$ 214,671	$ 177,702
Donations	-	-	-	-	4,972	4,972	7,981
Total Operating Revenues	113,594	3,458	95,955	-	6,636	219,643	185,683
Operating Expenses:							
Cost of Services	414,122	5,244	61,030	7,653	13,791	501,840	449,354
Depreciation	81,240	660	45,102	23	2,525	129,550	93,663
Total Operating Expenses	495,362	5,904	106,132	7,676	16,316	631,390	543,017
Operating Loss	(381,768)	(2,446)	(10,177)	(7,676)	(9,680)	(411,747)	(357,334)
Non-Operating Revenues (Expenses):							
Operating Grants	21,590	-	1,440	371	7,126	30,527	31,054
Interest Income	6,748	755	8,626	1,643	8,499	26,271	25,138
Other Revenues	2,637	533	-	693	419	4,282	2,848
Interest Expense	(65,515)	(16,452)	(16,454)	(7,439)	-	(105,860)	(102,587)
Other Expenses	-	(797)	(29,501)	(39)	-	(30,337)	(15,830)
Total Non-Operating Revenues (Expenses)	(34,540)	(15,961)	(35,889)	(4,771)	16,044	(75,117)	(59,377)
Income (Loss) Before Transfers and Extraordinary Item	(416,308)	(18,407)	(46,066)	(12,447)	6,364	(486,864)	(416,711)
Transfers and Extraordinary Item:							
Transfers In	352,596	17,438	-	11,184	2,648	383,866	364,674
Extraordinary Item - Loss on Defeasance	(10,115)	-	-	-	-	(10,115)	(17,963)
Total Transfers and Extraordinary Item	342,481	17,438	-	11,184	2,648	373,751	346,711

COMMONWEALTH OF MASSACHUSETTS
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS
ENTERPRISE FUNDS (000's omitted)
for the fiscal year ended June 30, 1987

	Massachusetts Bay Transportation Authority	Massachusetts Convention Center Authority	Massachusetts Water Resources Authority	Higher Education Building Authorities	Other	TOTALS 1987	TOTALS 1986
Net Income (Loss)	(73,827)	(969)	(46,066)	(1,263)	9,012	(113,113)	(70,000)
Add: Inventory Valuation Adjustment of Assets Acquired From Contributed Capital	-	-	4,679	-	-	4,679	-
Add: Depreciation of Cost of Assets Acquired from Contributed Capital	57,435	336	41,387	-	-	99,158	76,032
Increase (Decrease) in Retained Earnings	(16,392)	(633)	-	(1,263)	9,012	(9,276)	6,032
Retained Earnings (Deficit) at Beginning of Year	(51,332)	10,013	-	103,795	51,890	114,366	108,334
Retained Earnings (Deficit) at End of Year	$ (67,724)	$ 9,380	$ -	$ 102,532	$ 60,902	$ 105,090	$ 114,366

COMMONWEALTH OF MASSACHUSETTS
COMBINING STATEMENT OF CHANGES IN FINANCIAL POSITION
ENTERPRISE FUNDS (000's omitted)
for the fiscal year ended June 30, 1987

	Massachusetts Bay Transportation Authority	Massachusetts Convention Center Authority	Massachusetts Water Resources Authority	Higher Education Building Authorities	Other	TOTALS 1987	TOTALS 1986
SOURCES OF FINANCIAL RESOURCES:							
Operations:							
Net Income (Loss)	$ (73,827)	$ (969)	$ (46,066)	$ (1,263)	$ 9,012	$ (113,113)	$ (70,000)
Expenses not Requiring Current Outlay of Financial Resources:							
Depreciation and Amortization	81,240	660	45,102	23	2,525	129,550	93,663
Loss on Defeasance	10,115	-	-	-	-	10,115	17,963
Other	-	-	-	-	-	-	120
Total Sources of Financial Resources from Operations	17,528	(309)	(964)	(1,240)	11,537	26,552	41,746
Increase (Decrease) in Accounts Payable	(12,545)	6,068	(862)	(2)	532	(6,809)	20,668
Increase (Decrease) in Other Accrued Liabilities	27,816	(1,600)	3,075	(1,144)	(4,732)	23,415	20,470
Increase (Decrease) in Due to Other Funds	-	-	(15,079)	-	-	(15,079)	8,975
Increase (Decrease) in Deferred Revenue	4,753	(1)	7,520	-	10,527	22,799	30,179
Issuance of Bonds and Notes Payable	125,192	-	406	58,249	-	183,847	651,725
Contributed Capital	170,021	21,440	3,635	-	10,149	205,245	2,549,071
Total Sources of Financial Resources	332,765	25,598	(2,269)	55,863	28,013	439,970	3,322,834
USES OF FINANCIAL RESOURCES:							
Increase (Decrease) in Investments		(231)	-	37,705	1,221	38,695	16,748
Increase (Decrease) in Receivables	(104,152)		1,157	(2)	(774)	(103,771)	(6,611)
Increase (Decrease) in Due from Other Funds	23,685	(2,199)		(716)	(300)	20,470	6,288
Increase (Decrease) in Inventory	501	-	(4,535)			(4,034)	13,576
Increase (Decrease) in Restricted and Other Assets	(68,770)	(51,791)	(36,193)	264	16,727	(139,763)	319,983
Acquisition of Fixed Assets	319,428	68,484	36,933	3,632	8,713	437,190	2,751,434
Retirement of Bonds and Notes Payable	161,344	11,440		18,475		191,259	205,006
Total Uses of Financial Resources	332,036	25,703	(2,638)	59,358	25,587	440,046	3,306,424
Increase (Decrease) in Cash and Short Term Investments	$ 729	$ (105)	$ 369	$ (3,495)	$ 2,426	$ (76)	$ 16,410

COMMONWEALTH OF MASSACHUSETTS
COMBINING BALANCE SHEET
FIDUCIARY FUND TYPES (000's omitted)
June 30, 1987

	Expendable Trust Funds	Nonexpendable Trust Fund	Pension Trust Funds	Agency Funds	TOTALS 1987	TOTALS 1986
ASSETS						
Cash and Short-Term Investments	$ 217,568	$ 8,854	$ 132,672	$ 680,714	$ 1,039,808	$ 972,345
Amount on Deposit with U.S. Treasury	1,058,990	-	-	-	1,058,990	973,941
Investments	-	-	5,793,525	-	5,793,525	4,670,754
Securities on Deposit	-	-	-	650,930	650,930	579,800
Receivables, Net of Allowance for Uncollectibles:						
Other Receivables	171,828	13,372	19,208	-	204,408	205,240
Due from Other Funds	-	-	14,151	196,267	210,418	245,006
Due from Cities and Towns	104,000	-	-	-	104,000	99,600
Investments of Deferred Compensation Plan	-	-	-	237,195	237,195	176,238
Total Assets	$ 1,552,386	$ 22,226	$ 5,959,556	$ 1,765,106	$ 9,299,274	$ 7,922,924
LIABILITIES AND FUND EQUITY						
Liabilities:						
Accounts Payable	$ 23,578	$ -	$ 2,710	$ 57,013	$ 83,301	$ 72,212
Other Accrued Liabilities	15,220	-	-	-	15,220	8,204
Due to Other Funds	-	-	196,267	-	196,267	-
Deferred Revenue	1,588	-	-	-	1,588	4,003
Liabilities Due Depositors	783	-	-	1,708,093	1,708,876	1,565,147
Bonds and Notes Payable	104,000	-	-	-	104,000	99,600
Total Liabilities	145,169	-	198,977	1,765,106	2,109,252	1,749,166
Fund Equity:						
Fund Balances:						
Reserved for:						
Unemployment Benefits	1,157,389	-	-	-	1,157,389	1,089,770
Pension Benefits	-	-	5,760,579	-	5,760,579	4,965,993
Unreserved	249,828	22,226	-	-	272,054	117,995
Total Fund Equity	1,407,217	22,226	5,760,579	-	7,190,022	6,173,758
Total Liabilities and Fund Equity	$ 1,552,386	$ 22,226	$ 5,959,556	$ 1,765,106	$ 9,299,274	$ 7,922,924

COMMONWEALTH OF MASSACHUSETTS
COMBINING BALANCE SHEET
EXPENDABLE TRUST FUNDS (000's omitted)
June 30, 1987

	Expendable Trust	Authorities Deficiency	Unemployment Compensation	TOTALS 1987	TOTALS 1986
ASSETS					
Cash and Short-Term Investments	$ 242,390	$	$	$ 242,390	$ 174,616
Amount on Deposit with U.S. Treasury			1,058,990	1,058,990	973,941
Investments					953
Receivables, Net of Allowance for Uncollectibles:					
Other Receivables	61,378		110,450	171,828	182,124
Due from Cities and Towns		104,000		104,000	99,600
Total Assets	$ 303,768	$ 104,000	$ 1,169,440	$ 1,577,208	$ 1,431,234
LIABILITIES AND FUND EQUITY					
Liabilities:					
Deficiency in Cash and Short-Term Investments	$	$ 24,722	$ 100	$ 24,822	$ 12,988
Accounts Payable	13,215		10,363	23,578	11,200
Other Accrued Liabilities	15,220			15,220	8,197
Deferred Revenue			1,588	1,588	4,003
Liabilities Due Depositors	783			783	
Bonds and Notes Payable		104,000		104,000	99,600
Total Liabilities	29,218	128,722	12,051	169,991	244,988
Fund Equity (Deficit):					
Fund Balances (Deficit):					
Reserved for Unemployment Benefits			1,157,389	1,157,389	1,089,770
Unreserved	274,550	(24,722)		249,828	96,476
Total Fund Equity (Deficit)	274,550	(24,722)	1,157,389	1,407,217	1,186,246
Total Liabilities and Fund Equity	$ 303,768	$ 104,000	$ 1,169,440	$ 1,577,208	$ 1,431,234

COMMONWEALTH OF MASSACHUSETTS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND EQUITY
EXPENDABLE TRUST FUNDS (000's omitted)
for the fiscal year ended June 30, 1987

	Expendable Trust	Authorities Deficiency	Unemployment Compensation	TOTALS 1987	TOTALS 1986
Revenues:					
Taxes	$ 11	$ -	$ 425,737	$ 425,748	$ 440,993
Assessments	-	241,982	-	241,982	-
Federal Grants and Reimbursements	106,745	-	-	106,745	63,440
Departmental	168,593	290	78,100	246,983	656,101
Miscellaneous	88,711	2,124	-	90,835	70
Total Revenues	364,060	244,396	503,837	1,112,293	1,160,604
Expenditures:					
Judiciary	4	-	-	4	38
Executive	5	-	-	5	8
Secretary of the Commonwealth	-	-	-	-	3
Treasurer and Receiver General	1	-	-	1	-
Auditor of the Commonwealth	-	-	-	-	202
Attorney General	119	-	-	119	60
Administration and Finance	7,473	60,255	-	67,728	394,462
Environmental Affairs	2,241	2,125	-	4,366	843
Communities and Development	5,989	-	-	5,989	1,256
Human Services	4,957	-	-	4,957	6,005
Transportation and Construction	1,368	-	-	1,368	1,398
Education	2,613	-	-	2,613	-
Higher Education	274,414	-	-	274,414	232,466
Public Safety	425	-	-	425	223
Economic Affairs	4,361	-	436,218	440,579	465,185
Elder Affairs	101	-	-	101	79
Consumer Affairs	209	-	-	209	7
Energy Resources	4,435	-	-	4,435	128
Labor	2,184	-	-	2,184	335
Independent Commissions	865	-	-	865	-
Total Expenditures	311,764	62,380	436,218	810,362	1,102,698

COMMONWEALTH OF MASSACHUSETTS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND EQUITY
EXPENDABLE TRUST FUNDS (000's omitted)
for the fiscal year ended June 30, 1987

continued

	Expendable Trust	Authorities Deficiency	Unemployment Compensation	TOTALS 1987	TOTALS 1986
Excess of Revenues Over Expenditures	52,296	182,016	67,619	301,931	57,906
Other Financing Sources (Uses):					
Transfers In	3,939	160,217		164,156	3,016
Transfers Out	(149)	(244,967)		(245,116)	(832)
Total Other Financing Sources (Uses)	3,790	(84,750)		(80,960)	2,184
Excess of Revenues and Other Financing Sources Over Expenditures and Other Uses	56,086	97,266	67,619	220,971	60,090
Fund Equity (Deficit) at Beginning of Year	218,464	(121,988)	1,089,770	1,186,246	1,126,156
Fund Equity (Deficit) at End of Year	$ 274,550	$ (24,722)	$ 1,157,389	$ 1,407,217	$ 1,186,246

COMMONWEALTH OF MASSACHUSETTS
COMBINING BALANCE SHEET
PENSION TRUST FUNDS (000's omitted)
June 30, 1987

	State Employees Annuities	State Employees Retirement Military Accumulation	Teachers Annuities	Teachers Retirement Military Accumulation	Pension Reserve	TOTALS 1987	TOTALS 1986
ASSETS							
Cash and Short-Term Investments	$ 19,917	$ 11	$ 64,556	$ 1,191	$ 46,997	$ 132,672	$ 152,965
Investments	1,733,291	-	2,030,589	-	2,029,645	5,793,525	4,669,802
Receivables, Net of Allowance for Uncollectibles:							
Other Receivables	-	-	19,208	-	-	19,208	17,441
Due From Other Funds	-	-	-	-	14,151	14,151	245,006
Total Assets	$ 1,753,208	$ 11	$ 2,114,353	$ 1,191	$ 2,090,793	$ 5,959,556	$ 5,085,214
LIABILITIES AND FUND EQUITY							
Liabilities:							
Accounts Payable	$ 359	$ -	$ 2,351	$ -	$ -	$ 2,710	$ -
Due To Other Funds	-	-	-	-	196,267	196,267	119,222
Total Liabilities	359	-	2,351	-	196,267	198,977	119,222
Fund Equity:							
Reserved for Pension Benefits	1,752,849	11	2,112,002	1,191	1,894,526	5,760,579	4,965,992
Total Liabilities and Fund Equity	$ 1,753,208	$ 11	$ 2,114,353	$ 1,191	$ 2,090,793	$ 5,959,556	$ 5,085,214

COMMONWEALTH OF MASSACHUSETTS
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND EQUITY
PENSION TRUST FUNDS (000's omitted)
for the fiscal year ended June 30, 1987

	State Employees Annuities	State Employees Retirement Military Accumulation	Teachers Annuities	Teachers Retirement Military Accumulation	Pension Reserve	TOTALS 1987	TOTALS 1986
Revenues:							
Employee Contributions	$ 144,621	$ -	$ 105,280	$	$ 43,499	$ 293,400	$ 398,443
Investment Earnings	140,809	1	179,849	25	230,720	551,404	916,145
Total Revenues	285,430	1	285,129	25	274,219	844,804	1,314,588
Expenses:							
Education	-	-	43,663	-	-	43,663	42,334
Other Governmental Charges	63,442	2	-	-	77,045	140,489	180,997
Total Expenses	63,442	2	43,663		77,045	184,152	223,331
Income (Loss) Before Other Financing Sources (Uses)	221,988	(1)	241,466	25	197,174	660,652	1,091,257
Other Financing Sources (Uses):							
Transfers In	1,328	-	324		261,436	263,088	447,412
Transfers Out	(42,826)	-	(86,327)	-	-	(129,153)	(66,944)
Total Other Financing Sources (Uses)	(41,498)	-	(86,003)	-	261,436	133,935	380,468
Net Income (Loss)	180,490	(1)	155,463	25	458,610	794,587	1,471,725
Fund Equity at Beginning of Year	1,572,359	12	1,956,539	1,166	1,435,916	4,965,992	3,494,267
Fund Equity at End of Year	$ 1,752,849	$ 11	$ 2,112,002	$ 1,191	$ 1,894,526	$ 5,760,579	$ 4,965,992

COMMONWEALTH OF MASSACHUSETTS
COMBINING STATEMENT OF CHANGES IN FINANCIAL POSITION
PENSION TRUST FUNDS (000's omitted)
for the fiscal year ended June 30, 1987

	State Employees Annuities	State Employees Retirement Military Accumulation	Teachers Annuities	Teachers Retirement Military Accumulation	Pension Reserve	TOTALS 1987	TOTALS 1986
SOURCES OF FINANCIAL RESOURCES:							
Net Income (Loss)	$ 180,490	$ (1)	$ 155,463	$ 25	$ 458,610	$ 794,587	$ 1,471,725
Increase (Decrease) in Accounts Payable	359	-	2,351	-	-	2,710	(74,194)
Increase in Due to Other Funds	-	-	-	-	77,045	77,045	119,222
Total Sources of Financial Resources	180,849	(1)	157,814	25	535,655	874,342	1,516,753
USES OF FINANCIAL RESOURCES:							
Increase in Investments	201,441	-	202,769	-	719,513	1,123,723	1,335,394
Increase (Decrease) in Other Receivables	-	-	1,767	-	-	1,767	(46,728)
Increase (Decrease) in Due from Other Funds	-	-	-	-	(230,855)	(230,855)	245,006
Total Uses of Financial Resources	201,441	-	204,536	-	488,658	894,635	1,533,672
Increase (Decrease) in Cash and Short Term Investments	$ (20,592)	$ (1)	$ (46,722)	$ 25	$ 46,997	$ (20,293)	$ (16,919)

COMMONWEALTH OF MASSACHUSETTS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS (000's omitted)
for the fiscal year ended June 30, 1987

Agency Fund	Beginning Balance	Additions	Deletions	Ending Balance
Liabilities Due Depositors	$ 1,565,147	$ 149,818	$ 6,872	$ 1,708,093
Abandoned Property	22,296	9,761	7,531	24,526
Court Escrow Deposits	19,073	7,189	1,717	24,545
Payroll Withholdings	7,207	389,393	395,584	1,016
Other Agency	12,436	7,070	12,580	6,926
Totals	$ 1,626,159	$ 563,231	$ 424,284	$ 1,765,106

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Touche Ross

December 18, 1987

Ms. Ellen M. O'Connor, Comptroller
The Commonwealth of Massachusetts

We have examined the general purpose financial statements - budgetary basis of the Commonwealth of Massachusetts, as of and for the year ended June 30, 1987, as listed in the table of contents. Except as explained in the following paragraph, our examination was made in accordance with generally accepted governmental auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances. We did not examine the financial statements of the Treasurer's Fixed Income Securities Trust, Treasurer's Management Trust and the Pension Reserve Investment Trust, investment vehicles for the Commonwealth's Pension Trust Funds, whose net assets available for benefits represent all of the investments of the Fiduciary Fund Type. Those financial statements were audited by other auditors whose reports thereon have been furnished to us and, our opinion expressed herein, insofar as it relates to the amounts shown as investments in the Fiduciary Fund Type, is based solely upon the reports of the other auditors.

The general purpose financial statements - budgetary basis referred to above include the General Fixed Assets Account Group which is unaudited.

As discussed in Notes 1 and 2, the Commonwealth's policy is to prepare its financial statements on a prescribed basis of accounting that demonstrates compliance with the General Laws and in accordance with the Commonwealth's budgetary funds. The budgetary basis differs from generally accepted accounting principles; accordingly, the accompanying financial statements are not intended to present financial position and results of operations in conformity with generally accepted accounting principles.

As explained in Note 3, effective June 30, 1987, the Commonwealth changed its method of accounting for encumbrances for continuing appropriations. Such encumbrances have been charged to expenditures in the accompanying financial statements, where previously, those encumbrances were reported as a reservation of fund balance.

In our opinion, based upon our examination and the reports of other auditors, except for the effects on the financial statements of such adjustments, if any, as might have been determined to be necessary had we audited the General Fixed Assets Account Group referred to in the second paragraph, the general purpose financial statements - budgetary basis referred to above present fairly the financial position of the Commonwealth of Massachusetts at June 30, 1987, and the results of its operations for the year then ended, on the basis of accounting described in Notes 1 and 2, which basis has been applied in a manner consistent with that of the preceding year, except for the change in method of accounting for encumbrances for continuing appropriations, as explained in the fourth paragraph.

Our examination was made for the purpose of forming an opinion on the general purpose financial statements - budgetary basis taken as a whole. The combining and individual fund financial statements - budgetary basis listed in the table of contents are presented for the purpose of additional analysis and are not a required part of the financial statements - budgetary basis of the Commonwealth of Massachusetts. Such information has been subjected to the auditing procedures applied in the examination of the general purpose financial statements - budgetary basis and, in our opinion, is fairly stated in all material respects in relation to the general purpose financial statements - budgetary basis taken as a whole.

The data included in the statistical section of this report has not been audited by us and, accordingly, we express no opinion on such data.

Touche Ross & Co.

Certified Public Accountants

COMMONWEALTH OF MASSACHUSETTS
COMBINED BALANCE SHEET - BUDGETARY BASIS
ALL FUND TYPES AND ACCOUNT GROUPS (000's omitted)
June 30, 1987

	GOVERNMENTAL FUND TYPES				FIDUCIARY FUND TYPE	ACCOUNT GROUPS		TOTALS (Memorandum Only)	
	General	Special Revenue	Debt Service	Capital Projects	Trust and Agency	General Fixed Assets	General Long-Term Obligations	1987	1986
ASSETS									
Cash and Short-Term Investments	$ 931,126	$ 466,062	$ 21,017	$ -	$ 336,813	$ -	$ -	$ 1,755,018	$ 2,130,013
Amount on Deposit with U.S. Treasury	-	-	-	-	1,058,990	-	-	1,058,990	973,941
Investments	-	-	-	-	5,793,525	-	-	5,793,525	4,669,801
Investment in MCDFC	-	-	-	10,000	-	-	-	10,000	10,000
Advances to MBTA	174,000	-	-	-	-	-	-	174,000	58,700
Securities on Deposit	-	-	-	-	650,930	-	-	650,930	579,800
Receivables, Net of Allowance for Uncollectibles:									
Due from Federal Government	85,967	-	-	68,291	-	-	-	154,258	114,303
Other Receivables	-	19,295	-	-	-	-	-	19,295	19,734
Due from Cities and Towns	-	-	-	-	104,000	-	-	104,000	97,600
Due from Other Funds	-	-	-	-	14,151	-	-	14,151	245,006
Fixed Assets:									
Land	-	-	-	-	-	579,619	-	579,619	579,620
Buildings	-	-	-	-	-	1,512,399	-	1,512,399	1,512,399
Machinery and Equipment	-	-	-	-	-	490,869	-	490,869	433,288
Bonds Authorized - Unissued	-	-	-	4,251,696	-	-	-	4,251,696	3,701,619
Amount Available for Retirement of Long-Term Obligations	-	-	-	-	-	-	21,017	21,017	34,500
Amount to be Provided for Retirement of Long-Term Obligations	-	-	-	-	-	-	4,068,502	4,068,502	3,642,496
Total Assets	$ 1,191,093	$ 485,357	$ 21,017	$ 4,329,987	$ 7,958,409	$ 2,582,887	$ 4,089,519	$ 20,658,269	$ 18,804,820

COMMONWEALTH OF MASSACHUSETTS
COMBINED BALANCE SHEET - BUDGETARY BASIS
ALL FUND TYPES AND ACCOUNT GROUPS (000's omitted)
June 30, 1987

continued

LIABILITIES AND FUND EQUITY	GOVERNMENTAL FUND TYPES				FIDUCIARY FUND TYPE	ACCOUNT GROUPS		TOTALS (Memorandum Only)	
	General	Special Revenue	Debt Service	Capital Projects	Trust and Agency	General Fixed Assets	General Long-Term Obligations	1987	1986
Liabilities:									
Deficiency in Cash and Short-Term Investments	$ -	$ -	$ -	$ 524,606	$ -	$ -	$ -	$ 524,606	$ 538,579
Accounts Payable	606,094	177,757	-	113,015	87,271	-	-	984,137	498,645
Chapter 555 Tax Refund Payable	17,533	11,688	-	-	-	-	-	29,221	-
Liabilities Due Depositors	-	-	-	-	853,852	-	-	853,852	705,441
Due to Other Funds	12,373	1,779	-	-	-	-	-	14,151	249,026
Bonds and Notes Payable	-	-	-	62,907	104,003	-	4,089,519	4,256,429	3,846,396
Total Liabilities	636,000	191,225	-	700,603	1,045,126	-	4,089,519	6,662,868	5,832,087
Fund Equity:									
Investment in General Fixed Assets	-	-	-	-	-	2,582,887	-	2,582,887	2,525,327
Fund Balances (Deficits):									
Reserved for:									
Encumbrances	-	-	-	-	-	-	-	-	1,171,944
Unemployment Benefits	-	-	-	-	1,058,890	-	-	1,058,890	974,246
Pension Benefits	-	-	-	-	5,741,371	-	-	5,741,371	4,948,591
Unreserved:									
Designated for Continuing Accounts	444,251	252,179	-	4,770,780	-	-	-	5,467,052	3,972,690
Designated for Specific Purpose*	-	-	-	-	133,025	-	-	133,025	223
Designated for Program Stabilization	70,330	-	-	-	-	-	-	70,330	-
Designated for Debt Service	-	-	21,017	-	-	-	-	21,017	34,500
Undesignated	40,512	87,915	-	(1,761,396)	-	-	-	(1,768,971)	(653,908)
Total Fund Equity	554,893	294,134	21,017	3,609,384	6,933,286	2,582,887	-	14,016,601	12,972,793
Total Liabilities and Fund Equity	$ 1,191,093	$ 485,359	$ 21,017	$ 4,309,987	$ 7,978,412	$ 2,582,887	$ 4,089,519	$ 20,679,269	$ 18,804,880

The accompanying notes are an integral part of the general purpose financial statements.

COMMONWEALTH OF MASSACHUSETTS
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND EQUITY - BUDGETARY BASIS
ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUND (000's omitted)
for the fiscal year ended June 30, 1987

	GOVERNMENTAL FUND TYPES				FIDUCIARY FUND TYPE	TOTALS (Memorandum Only)	
	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust	1987	1986
Revenues:							
Income Taxes	$ 2,396,715	$ 1,598,934	$ -	$ -	$ -	$ 3,995,649	$ 3,617,499
Sales and Use Taxes	1,119,447	746,304	-	-	-	1,865,751	1,711,538
Corporate Taxes	488,449	325,633	-	-	-	814,082	799,004
Other Taxes	1,169,059	302,760	-	-	432,611	1,904,430	1,824,134
Assessments	21,911	3,799	-	-	241,982	267,692	24,633
Federal Grants and Reimbursements	1,251,451	826,440	-	149,432	-	2,227,323	2,206,027
Departmental	442,910	1,501,486	-	30	90,001	2,034,427	2,299,061
Miscellaneous	87,475	4,085	549,078	-	92,791	733,429	548,214
Total Revenues	6,977,417	5,309,441	549,078	149,462	857,385	13,842,783	13,030,110
Expenditures:							
Legislature	44,926	-	-	130	-	45,056	41,522
Inspector General	1,173	-	-	-	-	1,173	1,085
Judiciary	59,595	219,476	-	-	15	279,086	271,132
Executive	4,092	-	-	4	5	4,101	7,261
Secretary of the Commonwealth	15,355	691	-	-	-	16,046	15,360
Treasurer and Receiver General	313,089	1,870,749	562,561	-	2	2,746,401	2,213,007
Auditor of the Commonwealth	10,672	-	-	-	-	10,672	9,295
Attorney General	14,967	490	-	-	153	15,610	15,003
Ethics Commission	946	-	-	-	-	946	775
District Attorney	9,818	32,465	-	-	5	42,288	
Administration and Finance	612,600	357,127	-	169,285	315,137	1,454,149	1,199,053
Environmental Affairs	80,354	110,926	-	156,920	4,674	352,874	305,847
Communities and Development	131,424	180,760	-	102,153	6,242	420,579	318,396
Human Services	4,005,863	235,069	-	2,802	6,062	4,249,796	3,895,269
Transportation and Construction	19,878	214,665	-	399,489	1,693	635,725	723,787
Education	49,658	1,823,630	-	213	3,465	1,876,966	2,341,737
Higher Education	697,598	6,144	-	7,432	26,258	737,432	
Public Safety	37,050	95,480	-	241	414	133,185	118,739
Economic Affairs	57,221	125,499	-	-	433,413	616,133	613,607
Elder Affairs	130,795	24,652	-	-	97	155,544	147,740
Consumer Affairs	24,433	2,833	-	-	186	27,452	23,353
Energy Resources	2,642	2,952	-	3,821	3,441	12,856	6,745
Labor	17,095	726	-	-	1,590	19,411	10,890

COMMONWEALTH OF MASSACHUSETTS
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND EQUITY - BUDGETARY BASIS
ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUND (000's omitted)
for the fiscal year ended June 30, 1987

continued

	GOVERNMENTAL FUND TYPES				FIDUCIARY FUND TYPE	TOTALS (Memorandum Only)	
	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust	1987	1986
Independent Commissions	11,667	24,989			865	37,521	
Debt Service:							
Principal Retirement	193,096	63,389				256,485	227,561
Interest and Fiscal Charges	200,401	59,939				260,340	294,524
Total Expenditures	6,746,408	5,452,651	562,561	842,490	803,717	14,407,827	12,801,688
Excess (Deficiency) of Revenues Over Expenditures	231,009	(143,210)	(13,483)	(693,028)	53,668	(565,044)	228,422
Other Financing Sources (Uses):							
Proceeds of General Obligation Bonds	-	-	-	353,104		353,104	480,098
Proceeds of Refunding Bonds	-	-	-	526,074		526,074	-
Increase in Bonds Authorized	-	-	-	550,081	-	550,081	1,288,738
Increase in Temporary Notes							2,600
Transfers In	112,464	705,601			164,156	982,201	881,205
Transfers Out	(515,227)	(598,645)	-	(2,114)	(150)	(1,116,136)	(1,261,672)
Payments to Refunded Bonds Escrow Agents	-	-	-	(526,074)		(526,074)	-
Accounts Payable Balances Reverted	16,396	1,096			-	17,492	65,991
Chapter 555 Tax Refund	(17,533)	(11,688)			-	(29,221)	-
Total Other Financing Sources (Uses)	(403,920)	96,364	-	901,071	164,006	757,521	1,456,960
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Uses	(172,911)	(46,846)	(13,483)	208,043	217,674	192,477	1,685,382
Fund Equity at Beginning of Year	727,804	340,980	34,500	3,421,341	966,647	5,491,272	3,805,890
Fund Equity at End of Year	$ 554,893	$ 294,134	$ 21,017	$ 3,629,384	$ 1,184,321	$ 5,683,749	$ 5,491,272

The accompanying notes are an integral part of the general purpose financial statements.

COMMONWEALTH OF MASSACHUSETTS
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND EQUITY - BUDGETARY BASIS - BUDGET AND ACTUAL
GENERAL AND SPECIAL REVENUE FUNDS (000's omitted)
for the fiscal year ended June 30, 1987

	GENERAL FUND			SPECIAL REVENUE FUNDS			TOTALS (Memorandum Only)		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:									
Taxes	$ 5,173,670	$ 5,173,670	$ -	$ 2,961,179	$ 2,961,179	$ -	$ 8,134,849	$ 8,134,849	$ -
Assessments	21,911	21,911	-	3,799	3,799	-	25,710	25,710	-
Federal Grants and Reimbursements	1,251,451	1,251,451	-	13,778	13,778	-	1,265,229	1,265,229	-
Departmental	442,910	442,910	-	219,281	219,281	-	662,191	662,191	-
Miscellaneous	87,475	87,475	-	679	679	-	88,154	88,154	-
Total Revenues	6,977,417	6,977,417	-	3,198,716	3,198,716	-	10,176,133	10,176,133	-
Expenditures:									
Legislature	45,435	44,926	509	-	-	-	45,435	44,926	509
Inspector General	1,270	1,173	97	-	-	-	1,270	1,173	97
Judiciary	60,284	59,595	689	225,150	222,346	2,804	285,434	281,941	3,493
Executive	4,200	4,092	108	-	-	-	4,200	4,092	108
Secretary of the Commonwealth	15,883	15,355	528	-	-	-	15,883	15,355	528
Treasurer and Receiver-General	441,936	313,089	128,847	1,066,758	1,053,233	13,525	1,508,694	1,366,322	142,372
Auditor of the Commonwealth	10,735	10,672	63	-	-	-	10,735	10,672	63
Attorney General	15,348	14,967	381	546	481	65	15,894	15,448	446
Ethics Commission	973	946	27	-	-	-	973	946	27
District Attorney	10,561	9,818	743	28,605	28,275	330	39,166	38,093	1,073
Administration and Finance	645,336	612,600	32,736	361,688	353,451	8,237	1,007,024	966,051	40,973
Environmental Affairs	88,540	80,354	8,186	89,758	87,423	2,335	178,298	167,777	10,521
Communities and Development	134,840	131,424	3,416	23,613	19,855	3,758	158,453	151,279	7,174
Human Services	4,059,475	4,005,863	53,612	11,304	11,261	43	4,070,779	4,017,124	53,655
Transportation and Construction	149,430	19,878	129,552	237,742	202,278	35,464	387,172	222,156	165,016
Education	49,289	49,658	(369)	1,591,199	1,588,038	3,161	1,640,488	1,637,696	2,792
Higher Education	700,604	697,598	3,006	-	(59)	59	700,604	697,539	3,065
Public Safety	37,281	37,050	231	89,314	87,465	1,849	126,595	124,515	2,080
Economic Affairs	54,506	57,221	(2,715)	-	-	-	54,506	57,221	(2,715)
Elder Affairs	131,995	130,795	1,200	-	-	-	131,995	130,795	1,200
Consumer Affairs	26,030	24,433	1,597	2,743	2,807	(64)	28,773	27,240	1,533
Energy Resources	3,027	2,642	385	-	-	-	3,027	2,642	385
Labor	17,583	17,095	488	-	-	-	17,583	17,095	488
Independent Commissions	11,697	11,667	30	22,134	22,134	-	33,831	33,801	30
Debt Service:									
Principal Retirement	193,096	193,096	-	63,671	62,899	772	256,767	255,995	772
Interest and Fiscal Charges	200,401	200,401	-	58,050	58,295	(245)	258,451	258,696	(245)
Total Expenditures	7,109,755	6,746,408	363,347	3,872,275	3,800,182	72,093	10,982,030	10,546,590	435,440
Excess (Deficiency) of Revenues Over Expenditures	(132,338)	231,009	363,347	(673,559)	(601,466)	72,093	(805,897)	(370,457)	435,440

COMMONWEALTH OF MASSACHUSETTS
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND EQUITY - BUDGETARY BASIS
GENERAL AND SPECIAL REVENUE FUNDS (000's omitted)
for the fiscal year ended June 30, 1987

continued

Other Financing Sources (Uses):									
Transfers In	-	112,444	112,444	-	686,870	686,870	-	799,314	799,314
Transfers Out	-	(515,227)	(515,227)	-	(118,785)	(118,785)	-	(634,012)	(634,012)
Accounts Payable Balances Reverted	-	16,396	16,396		1,096	1,096	-	17,492	17,492
Chapter 555 Tax Refund	-	(17,533)	(17,533)	-	(11,688)	(11,688)	-	(29,221)	(29,221)
Total Other Financing Sources (Uses)	-	(403,920)	(403,920)	-	557,493	557,493	-	153,573	153,573
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Uses	(132,338)	(172,911)	(40,573)	(573,559)	(43,973)	629,536	(805,897)	(216,884)	589,013
Fund Equity at Beginning of Year	727,804	727,804	-	199,001	199,001		926,805	926,805	-
Fund Equity at End of Year	$ 595,466	$ 554,893	$ (40,573)	$ (474,558)	$ 155,028	$ 629,536	$ 120,908	$ 709,921	$ 589,013

The accompanying notes are an integral part of the general purpose financial statements.

COMMONWEALTH OF MASSACHUSETTS
COMBINED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND EQUITY - BUDGETARY BASIS
NONEXPENDABLE TRUST FUND AND PENSION TRUST FUNDS (000's omitted)
for the fiscal year ended June 30, 1987

	FIDUCIARY FUND TYPE		TOTALS (Memorandum Only)	
	Nonexpendable Trust Fund	Pension Trust Funds	1987	1986
Revenues:				
Employee Contributions	$ -	$ 291,633	$ 291,633	$ 397,252
Investment Earnings	101	551,404	551,505	916,171
Departmental	35	-	35	367
Other Revenue	15	-	15	-
Total Revenues	151	843,037	843,188	1,313,790
Expenses:				
Education	-	43,663	43,663	42,334
Environmental Affairs	179	-	179	250
Other Governmental Charges	-	140,489	140,489	180,997
Total Expenses	179	184,152	184,331	223,581
Net Income (Loss) Before Other Financing Sources	(28)	658,885	658,857	1,090,209
Other Financing Sources:				
Transfers In	-	133,935	133,935	380,467
Total Other Financing Sources	-	133,935	133,935	380,467
Net Income (Loss)	(28)	792,820	792,792	1,470,676
Fund Equity at Beginning of Year	7,622	4,948,551	4,956,173	3,485,497
Fund Equity at End of Year	$ 7,594	$ 5,741,371	$ 5,748,965	$ 4,956,173

The accompanying notes are an integral part of the general purpose financial statements.

COMMONWEALTH OF MASSACHUSETTS
COMBINED STATEMENT OF CHANGES IN FINANCIAL POSITION - BUDGETARY BASIS
NONEXPENDABLE TRUST FUND AND PENSION TRUST FUNDS (000's omitted)
for the fiscal year ended June 30, 1987

	FIDUCIARY FUND TYPE		TOTALS (Memorandum Only)	
	Nonexpendable Trust Fund	Pension Trust Funds	1987	1986
Sources of Financial Resources:				
Operations:				
Net Income (Loss)	$ (28)	$ 792,820	$ 792,792	$ 1,470,676
Decrease in Due from Other Funds	-	230,855	230,855	119,221
Increase in Accounts Payable	61	2,710	2,771	-
Increase in Due to Other Funds	-	77,045	77,045	-
Total Sources of Financial Resources	33	1,103,430	1,103,463	1,589,897
Uses of Financial Resources:				
Increase in Investments	-	1,123,723	1,123,723	1,335,394
Increase in Due from Other Funds	-	-	-	245,006
Total Uses of Financial Resources	-	1,123,723	1,123,723	1,580,400
Increase (Decrease) in Cash and Short-Term Investments	$ 33	$ (20,293)	$ (20,260)	$ 9,497

The accompanying notes are an integral part of the general purpose financial statements.

COMMONWEALTH OF MASSACHUSETTS
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS - BUDGETARY BASIS
for the fiscal year ended June 30, 1987

NOTE 1 - Financial Statement Presentation:

INTRODUCTION:
The accompanying budgetary statements are presented in accordance with Section 12 of Chapter 7A of the General Laws. The footnotes below are intended to highlight the Budgetary accounting policies and replace Notes 1, 2, and 3 in the preceding general purpose financial statements prepared in conformity with generally accepted accounting principles. Certain reclassifications have been made to the 1986 balances to conform to the presentation used in 1987.

REPORTING ENTITY:
The financial statements presented in this section include all funds and account groups of the Commonwealth of Massachusetts as recorded by the Office of the Comptroller in compliance with the General Laws and in accordance with the Commonwealth's budgetary funds. The financial statements are not intended to include independent authorities and other organizations which may be included in the reporting entity as component units under the criteria of the Governmental Accounting Standards Board.

FUND ACCOUNTING:
The Commonwealth records its transactions in funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures/expenses. Transactions between funds within a fund type, if any, have been eliminated. The funds and account groups are organized into three categories as follows:

Governmental Funds:
Governmental Funds are those through which most governmental functions of the Commonwealth are financed. The acquisition, use and balances of the Commonwealth's expendable financial resources and the related liabilities are accounted for through governmental funds. The measurement focus is on determination of changes in financial position, rather than on net income.

General Fund - The General Fund is the general operating fund of the Commonwealth. It is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds - Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than trusts or capital projects funds) that are legally restricted to expenditures for specific purposes.

Debt Service Fund - Debt Service Funds are used to account for the accumulation of resources for, and the future payment of, general long-term debt principal and interest, except for mini-bond payments, which are made from the General Fund.

Capital Projects Funds - Capital Projects Funds are used to account for financial resources to be used for acquisition or construction of major capital assets. Such resources are derived principally from proceeds of general obligation bonds and from Federal reimbursements and State appropriations.

Fiduciary Funds:
Fiduciary Funds are used to account for assets held by the Commonwealth in a trustee capacity (Trust Funds), or as an agent (Agency Funds) for individuals, private organizations, other governmental units and/or other funds. Trust Funds include Expendable Trust Funds, Nonexpendable Trust Fund and Pension Trust Funds. Nonexpendable Trust and Pension Trust are accounted for in essentially the same manner as proprietary funds since capital maintenance is critical. The measurement focus is on the determination of net income. Expendable Trust Funds are accounted for in essentially the same manner as governmental funds with the measurement focus on changes in financial position rather than income. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

Account Groups:
Account Groups are used to establish control and accountability over the Commonwealth's general fixed assets and long term obligations. The Commonwealth's account groups are as follows:

General Fixed Assets Account Group - The General Fixed Assets Account Group is used to account for general fixed assets.

General Long-Term Obligations Account Group- The General Long-Term Obligations Group is used to account for long-term obligations.

NOTE 2 - Summary of Significant Accounting Policies:

INTRODUCTION:
The combined financial statements presented in this section are prepared from the Commonwealth's books and records and other official reports which are maintained on the basis of accounting used in the preparation of the Commonwealth's legally adopted annual budget (budgetary basis). Accordingly, the combined financial statements are not intended to present the financial condition and results of operations in conformity with Generally Accepted Accounting Principles (GAAP). A reconciliation of the operating results of all fund types between the Budgetary and GAAP basis of accounting is presented on page in Note 3 - Budgetary Control - of the General Purpose Financial Statements.

BASIS OF ACCOUNTING:
Revenues are recognized when received by the Commonwealth. Accordingly, receivables are not booked on the budgetary basis with the exception of Federal reimbursements due for expenditures incurred as of June 30, 1987. Expenditures are recognized when paid and also include accounts payable and encumbrances as of June 30, 1987.

Earnings on Pooled Cash:
The Commonwealth follows the practice of pooling cash and cash equivalents of all fund types. Cash equivalents consist of short-term investments and are stated at cost. Interest earned on this pooled cash is allocated to the General Fund and Expendable Trust Funds.

Investments:
Pension Trust Fund investments are stated at market. All other investments are stated at cost.

Advances to the Massachusetts Bay Transportation Authority (MBTA):
The Commonwealth periodically provides working capital advances to the MBTA to provide funding for its net cost of service. Such advances will be repaid through future sales of temporary debt, appropriations by the Legislature and reimbursement by the cities and towns for their share of the net cost of service.

Inventory:
Inventory purchases are recorded as expenditures when paid.

Interfund Transactions:
During the course of normal operations, the Commonwealth has numerous transactions between funds including those attributable to pooled cash and those authorized by statute. These transactions are recorded as operating transfers and as interfund receivables/payables. For financial statement presentation purposes, interfund receivables/payables, except for those related to the Pension Trust Funds, are combined with cash and short-term investments. This may result in a fund having a deficiency in cash and short-term investments at year end.

General Fixed Assets:
General Fixed Assets are recorded as expenditures and capitalized annually in the General Fixed Assets Account Group in the year purchased. Land and buildings are recorded at their most recent locally assessed valuations while machinery and equipment are recorded at cost or estimated cost. Infrastructure (roads, bridges, tunnels, dams, water and sewer systems, etc.) has not been capitalized.

Vacation and Sick Leave:
Employees are granted vacation and sick leave in varying amounts. Upon retirement, termination, or death, certain employees are compensated for unused vacation and sick leave (subject to certain limitations) at their then current rate of pay. Vacation and sick leave are recorded as expenditures when paid.

Insurance:
The Commonwealth self-insures for casualty, theft, tort claims, and other losses. Such losses are recorded as expenditures when paid.

Encumbrances:
The Commonwealth utilizes encumbrance accounting as a significant aspect of budgetary control. Under this method, all puchase orders, contracts and other commitments for expenditures of funds are recorded as a reserve against the appplicable appropriation. Encumbrances outstanding at year-end are recorded as expenditures and accounts payable.

Unreserved Fund Balances:
Unreserved fund balance is segregated into five separate and distinct components. A brief description of each is as follows:

"Designated for Continuing Accounts" are appropriations to be carried over to the next fiscal year. These amounts must be either authorized or be specific projects which were not completed during the current fiscal year.

"Designated for Specific Purpose" is composed of all unreserved fund balances within the Fiduciary fund types.

"Designated for Program Stabilization" represents amounts available in the General Fund for future specific appropriations.

"Designated for Debt Service" represent amounts available for the retirement of general long-term debt principal and interest.

"Undesignated" fund balances or deficits consist of the governmental fund types cumulative surplus or deficit not otherwise designated.

Total Columns on Combined Statements:
Total columns on the combined statements are presented to aggregate financial data of the fund types and accounts groups. No consolidating or other eliminations were made in arriving at the totals; thus they do not represent consolidated information.

NOTE 3 - Budgetary Control:

The Governor presents an annual budget to the State Legislature representing estimates of revenues, expenditures and other financing sources and uses anticipated during the coming fiscal year. The Commonwealth's Constitution requires that a balanced budget be submitted by the Governor to the State Legislature. The Legislature, which has full authority to amend the budget, adopts an expenditure budget by appropriating monies in an annual appropriation bill. The Governor, before signing the bill, may veto any specific item, subject to legislative override. Changes to this budget may be made via supplemental appropriation bills or other legislative acts which must be approved by the Legislature and signed by the Governor. For the fiscal year ended June 30, 1987, the Legislature approved increases in appropriations aggregating approximately $500,863,000.

The original budgeted revenues as submitted by the Governor are not amended to coincide with any legislative changes to the original expenditure budget and, therefore, the Commonwealth does not have updated budgeted revenue totals for use in the accompanying financial statements. Accordingly, the Budget and Actual statements for the General Fund and Special Revenue Funds use actual revenues as the budgeted revenues.

The Commonwealth adopts two types of appropriations in the annual budget. Most are lapsing appropriations which end each year and require reappropriation. The remaining are continuing appropriations where the Legislature has approved unspent funds in one year, to be available for spending the next year.

The Office of the Comptroller has the responsibility to ensure that budgetary control is maintained on an individual appropriation account basis. Expenditures or advance expenditure commitments (purchase orders) will not be approved by the Comptroller if they exceed the department's total spending authority, which is a combination of authorized appropriations, prior appropriations continued, and portions of restricted receipts. In the Budget and Actual statements for the General Fund and Special Revenue Funds, the budgeted expenditures represent the total spending authority, net of prior appropriations continued for fiscal 1988.

Budget and Actual statements for the Special Revenue Funds are presented for only those funds for which a budget has been adopted. The Special Revenue Funds with annual budgets are Highway, Local Aid, Passenger Rail, Anti-Trust Law Enforcement, Non-Game Wildlife, Victim and Witness Assistance, Inter-City Bus Capital Assistance, Mosquito and Greenhead Fly Control, Inland Fish and Game, State Transportation Building Management, Springfield State Transportation Building and Massachusetts Housing Partnership.

During 1987, the Commonwealth changed its method of accounting for encumbrances for continuing appropriations. Previously, departments were not required to encumber continuing accounts and any encumbrances related to these accounts were recorded as a reservation of fund balance. Effective June 30, 1987, departments are required to encumber continuing appropriations for goods and services purchased or received as of June 30. Such encumbrances are charged to expenditures so as to be consistent with the accounting for lapsing appropriations. The effect of the change in accounting for encumbrances related to continuing appropriations was to increase expenditures as follows (amounts expressed in thousands):

Fund Type	Amount
General	$ 4,480
Special Revenue	219,942
Capital Projects	62,699
Expendable Trust	9,759
Total	$ 289,880

COMMONWEALTH OF MASSACHUSETTS
COMPARATIVE BALANCE SHEETS - BUDGETARY BASIS
GENERAL FUND (000's omitted)
June 30, 1987

	1987	1986
ASSETS		
Cash and Short-Term Investments	$ 931,126	$ 1,050,801
Advances to MBTA	174,000	58,700
Receivables, Net of Allowance for Uncollectibles:		
Due from Federal Government	85,967	88,569
Total Assets	$ 1,191,093	$ 1,198,070
LIABILITIES AND FUND EQUITY		
Liabilities:		
Accounts Payable	$ 606,294	$ 342,760
Chapter 555 Tax Refund Payable	17,533	-
Due to Other Funds	12,373	127,506
Total Liabilities	636,200	470,266
Fund Equity:		
Fund Balances:		
Reserved for Encumbrances	-	98,292
Unreserved:		
Designated for Continuing Accounts	444,051	296,209
Designated for Program Stabilization	70,330	-
Undesignated	40,512	333,303
Total Fund Equity	554,893	727,804
Total Liabilities and Fund Equity	$ 1,191,093	$ 1,198,070

COMMONWEALTH OF MASSACHUSETTS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND EQUITY - BUDGETARY BASIS - BUDGET AND ACTUAL
GENERAL FUND (000's omitted)
for the fiscal year ended June 30, 1987

	1987 Budget	1987 Actual	Variance Favorable (Unfavorable)	1986 Actual
Revenues:				
Taxes	$ 5,173,670	$ 5,173,670	$ -	$ 4,782,532
Assessments	21,911	21,911	-	20,600
Federal Grants and Reimbursements	1,251,451	1,251,451	-	1,216,421
Departmental	442,910	442,910	-	520,019
Miscellaneous	87,475	87,475	-	25,399
Total Revenues	6,977,417	6,977,417	-	6,564,971
Expenditures:				
Legislature	45,435	44,926	509	41,498
Inspector General	1,270	1,173	97	1,085
Judiciary	60,284	59,595	689	54,905
Executive	4,200	4,092	108	3,828
Secretary of the Commonwealth	15,883	15,355	528	10,178
Treasurer and Receiver-General	441,936	313,089	128,847	198,141
Auditor of the Commonwealth	10,735	10,672	63	6,364
Attorney General	15,348	14,967	381	14,144
Ethics Commission	973	946	27	775
District Attorney	10,561	9,818	743	-
Administration and Finance	645,336	612,600	32,736	431,242
Environmental Affairs	88,540	80,354	8,186	72,572
Communities and Development	134,840	131,424	3,416	110,426
Human Services	4,059,475	4,005,863	53,612	3,630,296
Transportation and Construction	149,430	19,878	129,552	174,529
Education	49,289	49,658	(369)	-
Higher Education	700,604	697,598	3,006	665,159
Public Safety	37,281	37,050	231	31,670
Economic Affairs	54,506	57,221	(2,715)	30,719
Elder Affairs	131,995	130,795	1,200	126,843
Consumer Affairs	26,030	24,433	1,597	20,828
Energy Resources	3,027	2,642	385	2,186
Labor	17,583	17,095	488	10,093
Independent Commissions	11,697	11,667	30	-
Debt Service:				
Principal Retirement	193,096	193,096	-	173,421
Interest and Fiscal Charges	200,401	200,401	-	238,481
Total Expenditures	7,109,755	6,746,408	363,347	6,049,383
Excess (Deficiency) of Revenues Over Expenditures	(132,338)	231,009	363,347	515,588
Other Financing Sources (Uses):				
Transfers In	-	112,444	112,444	105,280
Transfers Out	-	(515,227)	(515,227)	(395,739)
Chapter 555 Tax Refund	-	(17,533)	(17,533)	-
Accounts Payable Balances Reverted	-	16,396	16,396	57,908
Total Other Financing Sources (Uses)	-	(403,920)	(403,920)	(232,551)
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Uses	(132,338)	(172,911)	(40,573)	283,037
Fund Equity at Beginning of Year	727,804	727,804	-	444,767
Fund Equity at End of Year	$ 595,466	$ 554,893	$ (40,573)	$ 727,804

COMMONWEALTH OF MASSACHUSETTS
COMBINING BALANCE SHEET - BUDGETARY BASIS
ALL SPECIAL REVENUE FUNDS (000's omitted)
June 30, 1987

	Local Aid	Highway	Federal Grants	Arts and State Lotteries	Other	TOTALS 1987	TOTALS 1986
ASSETS							
Cash and Short-Term Investments	$ 145,949	$ 103,512	$ 106,586	$ 41,510	$ 68,505	$ 466,062	$ 531,619
Receivables, Net of Allowance for Uncollectibles:							
Other Receivables	-	-	-	-	19,295	19,295	19,734
Total Assets	$ 145,949	$ 103,512	$ 106,586	$ 41,510	$ 87,800	$ 485,357	$ 551,353
LIABILITIES AND FUND EQUITY							
Liabilities:							
Accounts Payable	$ 74,746	$ 35,703	$ 55,129	$ 5,448	$ 6,731	$ 177,757	$ 92,873
Chapter 555 Tax Refund Payable	11,688	-	-	-	-	11,688	-
Due to Other Funds	1,778	-	-	-	-	1,778	117,500
Total Liabilities	88,212	35,703	55,129	5,448	6,731	191,223	210,373
Fund Equity:							
Fund Balances (Deficit):							
Reserved for Encumbrances	-	-	-	-	-	-	119,928
Unreserved:							
Designated for Continuing Accounts	57,737	67,809	61,308	35,862	9,503	232,219	170,944
Undesignated	-	-	(9,851)	200	71,566	61,915	50,108
Total Fund Equity	57,737	67,809	51,457	36,062	81,069	294,134	340,980
Total Liabilities and Fund Equity	$ 145,949	$ 103,512	$ 106,586	$ 41,510	$ 87,800	$ 485,357	$ 551,353

COMMONWEALTH OF MASSACHUSETTS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND EQUITY - BUDGETARY BASIS
ALL SPECIAL REVENUE FUNDS (000's omitted)
for the fiscal year ended June 30, 1987

	Local Aid	Highway	Federal Grants	Arts and State Lotteries	Other	TOTALS 1987	TOTALS 1986
Revenues:							
Income Taxes	$ 1,598,934	$ -	$ -	$ -	$ -	$ 1,598,934	$ 1,434,900
Sales and Use Taxes	746,304	-	-	-	-	746,304	685,254
Corporate Taxes	325,633	-	-	-	-	325,633	321,095
Other Taxes	330	289,576	-	-	12,854	302,760	287,400
Assessments	-	2,320	-	-	1,479	3,799	4,033
Federal Grants and Reimbursements	-	11,858	812,662	-	1,920	826,440	842,105
Departmental	472	188,546	-	1,273,516	38,952	1,501,486	1,271,724
Miscellaneous	10	287	-	2,826	962	4,085	158
Total Revenues	2,671,683	492,587	812,662	1,276,342	56,167	5,309,441	4,846,669
Expenditures:							
Judiciary	219,356	-	120	-	-	219,476	216,023
Executive	-	-	-	-	-	-	2,669
Secretary of the Commonwealth	-	-	691	-	-	691	557
Treasurer and Receiver-General	1,006,656	46,038	202	817,314	539	1,870,749	1,506,646
Auditor of the Commonwealth	-	-	-	-	-	-	2,729
Attorney General	-	-	9	-	481	490	833
District Attorney	27,952	323	1,200	-	2,990	32,465	-
Administration and Finance	292,910	55,031	3,238	-	5,948	357,127	343,392
Environmental Affairs	37,452	42,557	21,580	-	9,337	110,926	84,137
Communities and Development	15,113	-	160,905	-	4,742	180,760	161,552
Human Services	11,209	-	223,808	-	52	235,069	201,962
Transportation and Construction	7,475	189,947	12,286	-	4,957	214,665	232,598
Education	1,588,038	-	235,592	-	-	1,823,630	1,613,961
Higher Education	-	(59)	6,203	-	-	6,144	-
Public Safety	600	86,865	8,015	-	-	95,480	86,468
Economic Affairs	-	-	125,499	-	-	125,499	120,823
Elder Affairs	-	-	24,652	-	-	24,652	20,822
Consumer Affairs	-	2,807	26	-	-	2,833	2,518
Energy Resources	-	-	2,952	-	-	2,952	3,072
Labor	-	-	726	-	-	726	453
Independent Commissions	22,134	-	2,855	-	-	24,989	-
Debt Service:							
Principal Retirement	-	60,955	-	-	2,434	63,389	54,140
Interest and Fiscal Charges	448	56,004	-	-	3,487	59,939	56,043
Total Expenditures	3,229,343	540,468	830,559	817,314	34,967	5,452,651	4,711,398
Excess (Deficiency) of Revenues Over Expenditures	(557,660)	(47,881)	(17,897)	459,028	21,200	(143,210)	135,271

COMMONWEALTH OF MASSACHUSETTS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND EQUITY - BUDGETARY BASIS
ALL SPECIAL REVENUE FUNDS (000's omitted)
for the fiscal year ended June 30, 1987

continued

	Local Aid	Highway	Federal Grants	Arts and State Lotteries	Other	TOTALS 1987	TOTALS 1986
Other Financing Sources (Uses):							
Transfers In	607,046	79,754	-	14,222	4,579	705,601	573,840
Transfers Out	(69,017)	(49,206)	(8,750)	(471,110)	(562)	(598,645)	(645,706)
Accounts Payable Balances Reverted	2,404	(1,096)	-	-	(212)	1,096	8,083
Chapter 555 Tax Refund	(11,688)	-	-	-	-	(11,688)	-
Total Other Financing Sources (Uses)	528,745	29,452	(8,750)	(456,888)	3,805	96,364	(63,783)
Excess of Revenues and Other Financing Sources Over Expenditures and Other Uses	(28,915)	(18,429)	(26,647)	2,140	25,005	(46,846)	71,488
Fund Equity at Beginning of Year	86,652	86,238	78,104	33,922	56,064	340,980	269,492
Fund Equity at End of Year	$ 57,737	$ 67,809	$ 51,457	$ 36,062	$ 81,069	$ 294,134	$ 340,980

COMMONWEALTH OF MASSACHUSETTS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND EQUITY - BUDGETARY BASIS - BUDGET AND ACTUAL
LOCAL AID FUND (000's omitted)
for the fiscal year ended June 30, 1987

	1987 Budget	1987 Actual	Variance Favorable (Unfavorable)	1986 Actual
Revenues:				
Taxes	$ 2,671,201	$ 2,671,201	$ -	$ 2,442,871
Departmental	472	472	-	2,048
Miscellaneous	10	10	-	4
Totals	2,671,683	2,671,683	-	2,444,923
Expenditures:				
Judiciary	221,944	219,356	2,588	213,477
Treasurer and Receiver-General	1,021,009	1,006,656	14,353	793,245
District Attorney	28,238	27,952	286	-
Administration and Finance	293,267	292,910	357	312,190
Environmental Affairs	39,439	37,452	1,987	23,373
Communities and Development	15,113	15,113	-	4,598
Human Services	11,212	11,209	3	12,951
Transportation and Construction	7,502	7,475	27	20,626
Education	1,591,199	1,588,038	3,161	1,344,585
Public Safety	600	600	-	717
Independent Commissions	22,134	22,134	-	-
Debt Service:				
Principal Retirement	-	-	-	5,386
Interest and Fiscal Charges	448	448	-	3,894
Total Expenditures	3,252,105	3,229,343	22,762	2,735,042
Excess of Expenditures Over Revenues	(580,422)	(557,660)	22,762	(290,119)
Other Financing Sources (Uses):				
Transfers In	-	607,046	607,046	537,498
Transfers Out	-	(69,017)	(69,017)	(232,407)
Accounts Payable Balances Reverted	-	2,404	2,404	4,258
Chapter 555 Tax Refund	-	(11,688)	(11,688)	-
Total Other Financing Sources	-	528,745	523,745	309,349
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Uses	(580,422)	(28,915)	551,507	19,230
Fund Equity at Beginning of Year	86,652	86,652	-	67,422
Fund Equity (Deficit) at End of Year	$ (493,770)	$ 57,737	$ 551,507	$ 86,652

COMMONWEALTH OF MASSACHUSETTS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND EQUITY - BUDGETARY BASIS - BUDGET AND ACTUAL
HIGHWAY FUND (000's omitted)
for the fiscal year ended June 30, 1987

	1987 Budget	1987 Actual	Variance Favorable (Unfavorable)	1986 Actual
Revenues:				
Taxes	$ 289,576	$ 289,576	$ -	$ 281,869
Assessments	2,320	2,320	-	1,706
Federal Grants and Reimbursements	11,858	11,858	-	16,120
Departmental	188,546	188,546	-	177,888
Miscellaneous	287	287	-	106
Total Revenues	492,587	492,587	-	477,689
Expenditures:				
Treasurer and Receiver-General	45,315	46,038	(723)	33,517
Auditor of the Commonwealth	-	-	-	2,729
District Attorney	367	323	44	330
Administration and Finance	62,890	55,031	7,859	19,134
Environmental Affairs	42,856	42,557	299	38,252
Communities and Development	-	-	-	205,634
Human Services	-	-	-	70,784
Transportation and Construction	222,208	189,947	32,261	2,467
Higher Education	-	(59)	59	-
Public Safety	88,714	86,865	1,849	-
Consumer Affairs	2,743	2,807	(64)	-
Debt Service:				
Principal Retirement	60,955	60,955	-	48,580
Interest and Fiscal Charges	56,004	56,004	-	52,127
Total Expenditures	582,052	540,468	41,584	473,554
Excess (Deficiency) of Revenues Over Expenditures	(89,465)	(47,881)	41,584	4,135
Other Financing Sources (Uses):				
Tranfers In	-	79,754	79,754	18,264
Transfers Out	-	(49,206)	(49,206)	(15,580)
Accounts Payable Balances Reverted	-	(1,096)	(1,096)	3,538
Total Other Financing Sources (Uses)	-	29,452	29,452	6,222
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Uses	(89,465)	(18,429)	71,036	10,357
Fund Equity at Beginning of Year	86,238	86,238	-	75,881
Fund Equity (Deficit) at End of Year	$ (3,227)	$ 67,809	$ 71,036	$ 86,238

COMMONWEALTH OF MASSACHUSETTS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND EQUITY - BUDGETARY BASIS - BUDGET AND ACTUAL
PASSENGER RAIL FUND (000's omitted)
for the fiscal year ended June 30, 1987

	1987 Budget	1987 Actual	Variance Favorable (Unfavorable)	1986 Actual
Revenues:				
Departmental	$ 19	$ 19	$ -	$ 14
Total Revenues	19	19	-	14
Expenditures:				
Transportation and Construction	8,032	4,856	3,176	3,366
Total Expenditures	8,032	4,856	3,176	3,366
Excess of Expenditures Over Revenues	(8,013)	(4,837)	3,176	(3,352)
Other Financing Sources:				
Transfers In	-	-	-	18,000
Total Other Financing Sources	-	-	-	18,000
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures	(8,013)	(4,837)	3,176	14,648
Fund Equity at Beginning of Year	10,399	10,399	-	(4,249)
Fund Equity at End of Year	$ 2,386	$ 5,562	$ 3,176	$ 10,399

COMMONWEALTH OF MASSACHUSETTS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND EQUITY - BUDGETARY BASIS - BUDGET AND ACTUAL
GOVERNMENT LAND BANK FUND (000's omitted)
for the fiscal year ended June 30, 1987

	1987 Budget	1987 Actual	Variance Favorable (Unfavorable)	1986 Actual
Revenues:				
Departmental	$ 200	$ 200	$ -	$ 1,679
Total Revenues	200	200	-	1,679
Expenditures:				
Administration and Finance	-	-	-	3,273
Debt Service:				
Principal Retirement	1,911	1,139	772	-
Interest and Fiscal Charges	1,284	1,529	(245)	-
Total Expenditures	3,195	2,668	527	3,273
Excess of Expenditures Over Revenues	(2,995)	(2,468)	527	(1,594)
Fund Deficit at Beginning of Year	(4,846)	(4,846)	-	(3,252)
Fund Deficit at End of Year	$ (7,841)	$ (7,314)	$ 527	$ (4,846)

COMMONWEALTH OF MASSACHUSETTS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND EQUITY - BUDGETARY BASIS - BUDGET AND ACTUAL
ANTI-TRUST LAW ENFORCEMENT FUND (000's omitted)
for the fiscal year ended June 30, 1987

	1987 Budget	1987 Actual	Variance Favorable (Unfavorable)	1986 Actual
Revenues:				
Departmental	$ 273	$ 273	$ -	$ 326
Total Revenues	273	273	-	326
Expenditures:				
Attorney General	450	431	19	400
Total Expenditures	450	431	19	400
Excess of Expenditures Over Revenues	(177)	(158)	19	(74)
Other Financing Sources:				
Accounts Payable Balances Reverted	-	-	-	33
Total Other Financing Sources	-	-	-	33
Excess of Expenditures Over Other Financing Sources And Revenues	(177)	(158)	19	(41)
Fund Deficit at Beginning of Year	(107)	(107)	-	(66)
Fund Deficit at End of Year	$ (284)	$ (265)	$ 19	$ (107)

COMMONWEALTH OF MASSACHUSETTS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND EQUITY - BUDGETARY BASIS - BUDGET AND ACTUAL
INTER-CITY BUS CAPITAL ASSISTANCE FUND (000's omitted)
for the fiscal year ended June 30, 1987

	1987 Budget	1987 Actual	Variance Favorable (Unfavorable)	1986 Actual
Revenues:				
Departmental	$ 240	$ 240	$ -	$ 178
Total Revenues	240	240	-	178
Expenditures:				
Debt Service:				
Principal Retirement	725	725	-	-
Interest and Fiscal Charges	301	301	-	-
Total Expenditures	1,026	1,026	-	-
Excess (Deficiency) of Revenues Over Expenditures	(786)	(786)	-	178
Fund Equity at Beginning of Year	182	182	-	4
Fund Equity (Deficit) at End of Year	$ (604)	$ (604)	$ -	$ 182

COMMONWEALTH OF MASSACHUSETTS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND EQUITY - BUDGETARY BASIS - BUDGET AND ACTUAL
NON-GAME WILDLIFE FUND (000's omitted)
for the fiscal year ended June 30, 1987

	1987 Budget	1987 Actual	Variance Favorable (Unfavorable)	1986 Actual
Revenues:				
Departmental	$ 364	$ 364	$ -	$ 213
Total Revenues	364	364	-	213
Expenditures:				
Environmental Affairs	299	248	51	149
Total Expenditures	299	248	51	149
Excess of Revenues Over Expenditures	65	116	51	64
Other Financing Sources (Uses):				
Accounts Payable Balances Reverted	-	(64)	(64)	103
Total Other Financing Sources (Uses)	-	(64)	(64)	103
Excess of Revenues and Other Financing Sources Over Expenditures and Other Uses	65	52	(13)	167
Fund Equity at Beginning of Year	578	578	-	411
Fund Equity at End of Year	$ 643	$ 630	$ (13)	$ 578

COMMONWEALTH OF MASSACHUSETTS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND EQUITY - BUDGETARY BASIS - BUDGET AND ACTUAL
VICTIM AND WITNESS ASSISTANCE FUND (000's omitted)
for the fiscal year ended June 30, 1987

	1987 Budget	1987 Actual	Variance Favorable (Unfavorable)	1986 Actual
Revenues:				
Departmental	$ 5,016	$ 5,016	$ -	$ 3,479
Total Revenues	5,016	5,016	-	3,479
Expenditures:				
Judiciary	3,206	2,990	216	1,876
Attorney General	96	50	46	241
Human Services	92	52	40	-
Total Expenditures	3,394	3,092	302	2,117
Excess of Revenues Over Expenditures	1,622	1,924	302	1,362
Other Financing Sources:				
Accounts Payable Balances Reverted	-	83	83	19
Total Other Financing Sources	-	83	83	19
Excess of Revenues and Other Financing Sources Over Expenditures	1,622	2,007	385	1,381
Fund Equity at Beginning of Year	2,980	2,980	-	1,599
Fund Equity at End of Year	$ 4,602	$ 4,987	$ 385	$ 2,980

COMMONWEALTH OF MASSACHUSETTS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND EQUITY - BUDGETARY BASIS - BUDGET AND ACTUAL
INLAND FISHERIES AND GAME FUND (000's omitted)
for the fiscal year ended June 30, 1987

	1987 Budget	1987 Actual	Variance Favorable (Unfavorable)	1986 Actual
Revenues:				
Taxes	$ 402	$ 402	$ -	$ 392
Federal Grants and Reimbursements	1,920	1,920	-	1,066
Departmental	3,837	3,837	-	4,284
Miscellaneous	80	80	-	20
Total Revenues	6,239	6,239	-	5,762
Expenditures:				
Treasurer and Receiver-General	434	539	(105)	324
Environmental Affairs	5,385	5,343	42	4,857
Debt Service:				
Principal Retirement	80	80	-	174
Interest and Fiscal Charges	13	13	-	22
Total Expenditures	5,912	5,975	(63)	5,377
Excess of Revenues Over Expenditures	327	264	(63)	385
Other Financing Sources (Uses):				
Transfers In	-	70	70	78
Transfers Out	-	(286)	(286)	(218)
Accounts Payable Balances Reverted	-	(215)	(215)	123
Total Other Financing Uses	-	(431)	(431)	(17)
Excess of Revenues and Other Financing Sources Over Expenditures and Other Uses	327	(167)	(494)	368
Fund Equity at Beginning of Year	1,317	1,317	-	949
Fund Equity at End of Year	$ 1,644	$ 1,150	$ (494)	$ 1,317

COMMONWEALTH OF MASSACHUSETTS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND EQUITY - BUDGETARY BASIS - BUDGET AND ACTUAL
MOSQUITO AND GREENHEAD FLY CONTROL FUND (000's omitted)
for the fiscal year ended June 30, 1987

	1987 Budget	1987 Actual	Variance Favorable (Unfavorable)	1986 Actual
Revenues:				
Assessment	$ 1,479	$ 1,479	$ -	$ 2,327
Departmental	-	-	-	228
Miscellaneous	255	255	-	24
Total Revenues	1,734	1,734	-	2,579
Expenditures:				
Environmental Affairs	1,779	1,823	(44)	1,676
Total Expenditures	1,779	1,823	(44)	1,676
Excess (Deficiency) of Revenues Over Expenditures	(45)	(89)	(44)	903
Other Financing Sources (Uses):				
Transfers Out	-	(3)	(3)	(203)
Accounts Payable Balances Reverted	-	(16)	(16)	8
Total Other Financing Uses	-	(19)	(19)	(195)
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Uses	(45)	(108)	(63)	708
Fund Equity at Beginning of Year	836	836	-	128
Fund Equity at End of Year	$ 791	$ 728	$ (63)	$ 836

COMMONWEALTH OF MASSACHUSETTS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND EQUITY - BUDGETARY BASIS - BUDGET AND ACTUAL
STATE TRANSPORTATION BUILDING MANAGEMENT FUND (000's omitted)
for the fiscal year ended June 30, 1987

	1987 Budget	1987 Actual	Variance Favorable (Unfavorable)	1986 Actual
Revenues:				
Departmental	$ 7,454	$ 7,454	$ -	$ 6,994
Miscellaneous	46	46	-	-
Total Revenues	7,500	7,500	-	6,994
Expenditures:				
Administration and Finance	5,203	5,203	-	6,340
Total Expenditures	5,203	5,203	-	6,340
Excess of Revenues Over Expenditures	2,297	2,297	-	654
Fund Equity at Beginning of Year	3,601	3,601	-	2,947
Fund Equity at End of Year	$ 5,898	$ 5,898	$ -	$ 3,601

COMMONWEALTH OF MASSACHUSETTS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND EQUITY - BUDGETARY BASIS - BUDGET AND ACTUAL
MASSACHUSETTS HOUSING PARTNERSHIP FUND (000's omitted)
for the fiscal year ended June 30, 1987

	1987 Budget	1987 Actual	Variance Favorable (Unfavorable)	1986 Actual
Revenues:				
Departmental	$ 12,452	$ 12,452	$ -	$ 11,000
Total Revenues	12,452	12,452	-	11,000
Expenditures:				
Communities and Development	8,500	4,742	3,758	-
Total Expenditures	8,500	4,742	3,758	-
Excess of Revenues Over Expenditures	3,952	7,710	3,758	11,000
Fund Equity at Beginning of Year	11,000	11,000	-	-
Fund Equity at End of Year	$ 14,952	$ 18,710	$ 3,758	$ 11,000

COMMONWEALTH OF MASSACHUSETTS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND EQUITY - BUDGETARY BASIS - BUDGET AND ACTUAL
SPRINGFIELD STATE TRANSPORTATION BUILDING FUND (000s omitted)
for the fiscal year ended June 30, 1987

	1987 Budget	1987 Actual	Variance Favorable (Unfavorable)	1986 Actual
Revenues:				
Departmental	$ 408	$ 408	$ -	$ 171
Miscellaneous	1	1	-	-
Total Revenues	409	409	-	171
Expenditures:				
Administration and Finance	328	307	21	-
Total Expenditures	328	307	21	-
Excess of Revenues Over Expenditures	81	102	21	171
Other Financing Uses:				
Transfers Out	-	(273)	(273)	-
Total Other Financing Uses	-	(273)	(273)	-
Excess (Deficiency) of Revenues Over Expenditures and Other Financing Uses	81	(171)	(252)	171
Fund Equity at Beginning of Year	171	171	-	-
Fund Equity at End of Year	$ 252	$ -	$ (252)	$ 171

COMMONWEALTH OF MASSACHUSETTS
COMBINING BALANCE SHEET - BUDGETARY BASIS
CAPITAL PROJECTS FUNDS (000's omitted)
June 30, 1987

	General	Highway	Federal	Other	TOTALS 1987	TOTALS 1986
ASSETS						
Cash and Short-Term Investments	$ -	$ -	$ 70,767	$ -	$ 70,767	$ 170,380
Investment in MCDFC	10,000	-	-	-	10,000	10,000
Receivables, Net of Allowance for Uncollectibles:						
Due from Federal Government	-	-	68,291	-	68,291	25,734
Bonds Authorized - Unissued	2,742,257	702,588	-	806,851	4,251,696	3,701,619
Total Assets	$ 2,752,257	$ 702,588	$ 139,058	$ 806,851	$ 4,400,754	$ 3,907,733
LIABILITIES AND FUND EQUITY						
Liabilities:						
Deficiency in Cash and Short-Term Investments	$ 186,841	$ 382,811	$ -	$ 25,803	$ 595,455	$ 416,592
Accounts Payable	41,663	22,177	40,983	8,192	113,015	-
Bonds and Notes Payable	28,200	8,400	-	26,300	62,900	69,800
Total Liabilities	256,704	413,388	40,983	60,295	771,370	486,392
Fund Equity:						
Fund Balances (Deficit):						
Reserved for Encumbrances	-	-	-	-	-	953,724
Unreserved:						
Designated for Continuing Accounts	2,795,883	289,261	956,132	749,206	4,790,782	3,504,936
Undesignated	(300,330)	(61)	(858,057)	(2,950)	(1,161,398)	(1,037,319)
Total Fund Equity	2,495,553	289,200	98,075	746,556	3,629,384	3,421,341
Total Liabilities and Fund Equity	$ 2,752,257	$ 702,588	$ 139,058	$ 806,851	$ 4,400,754	$ 3,907,733

COMMONWEALTH OF MASSACHUSETTS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND EQUITY - BUDGETARY BASIS
CAPITAL PROJECTS FUNDS (000's omitted)
for the fiscal year ended June 30, 1987

	General	Highway	Federal	Other	TOTALS 1987	TOTALS 1986
Revenues:						
Federal Grants and Reimbursements	$ 149	$ -	$ 149,283	$ -	$ 149,432	$ 147,501
Departmental	5	-	-	25	30	875
Total Revenues	154	-	149,283	25	149,462	148,376
Expenditures:						
Legislature	130	-	-	-	130	24
Judiciary	-	-	-	-	-	165
Executive	4	-	-	-	4	757
Secretary of the Commonwealth	-	-	-	-	-	4,622
Administration and Finance	145,988	3,127	-	20,170	169,285	30,856
Environmental Affairs	120,142	9,912	-	26,866	156,920	148,233
Communities and Development	101,302	-	-	851	102,153	44,725
Human Services	2,802	-	-	-	2,802	57,140
Transportation and Construction	15,555	136,559	247,319	56	399,489	315,313
Education	213	-	-	-	213	32,849
Higher Education	7,432	-	-	-	7,432	-
Public Safety	54	123	-	64	241	378
Economic Affairs	-	-	-	-	-	25
Energy Resources	3,821	-	-	-	3,821	1,381
Total Expenditures	397,443	149,721	247,319	48,007	842,490	636,468
Excess of Expenditures Over Revenues	(397,289)	(149,721)	(98,036)	(47,982)	(693,028)	(488,092)
Other Financing Sources (Uses):						
Proceeds of General Obligation Bonds	189,649	134,858	-	28,597	353,104	480,098
Proceeds of Refunding Bonds	518,423	-	-	7,651	526,074	-
Increase (Decrease) in Bonds Authorized	678,470	(101,082)	-	(27,307)	550,081	1,288,738
Transfers In	-	-	-	-	-	202,084
Transfers Out	(2,091)	(23)	-	-	(2,114)	(220,227)
Payments to Refunded Bonds Escrow Agents	(518,423)	-	-	(7,651)	(526,074)	-
Total Other Financing Sources (Uses)	866,028	33,753	-	1,290	901,071	1,750,693
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Uses	468,739	(115,968)	(98,036)	(46,692)	208,043	1,262,601
Fund Equity at Beginning of Year	2,026,814	405,168	196,111	793,248	3,421,341	2,158,740
Fund Equity at End of Year	$ 2,495,553	$ 289,200	$ 98,075	$ 746,556	$ 3,629,384	$ 3,421,341

COMMONWEALTH OF MASSACHUSETTS
COMBINING BALANCE SHEET - BUDGETARY BASIS
FIDUCIARY FUND TYPE (000's omitted)
June 30, 1987

	Expendable Trust Funds	Non-Expendable Trust Fund	Pension Trust Funds	Agency Funds	TOTALS 1987	TOTALS 1986
ASSETS						
Cash and Short-Term Investments	$ 132,818	$ 7,655	$ 132,672	$ 63,668	$ 336,813	$ 220,725
Amount on Deposit with U.S. Treasury	1,058,990	-	-	-	1,058,990	973,941
Investments	-	-	5,793,525	-	5,793,525	4,669,801
Securities on Deposit	-	-	-	650,930	650,930	579,800
Due from Cities and Towns	104,000	-	-	-	104,000	99,600
Due from Other Funds	-	-	14,151	196,267	210,418	245,006
Total Assets	$ 1,295,808	$ 7,655	$ 5,940,348	$ 910,865	$ 8,154,676	$ 6,788,873
LIABILITIES AND FUND EQUITY						
Liabilities:						
Accounts Payable	$ 7,487	$ 61	$ 2,710	$ 57,013	$ 67,271	$ 61,012
Liabilities Due Depositors	-	-	-	853,852	853,852	705,440
Due to Other Funds	-	-	196,267	-	196,267	-
Notes Payable	104,000	-	-	-	104,000	99,600
Total Liabilities	111,487	61	198,977	910,865	1,221,390	866,052
Fund Equity:						
Reserved for:						
Unemployment Benefits	1,058,890	-	-	-	1,058,890	974,047
Pension Benefits	-	-	5,741,371	-	5,741,371	4,948,551
Unreserved:						
Designated for Specific Purpose	125,431	7,594	-	-	133,025	223
Total Fund Equity	1,184,321	7,594	5,741,371	-	6,933,286	5,922,821
Total Liabilities and Fund Equity	$ 1,295,808	$ 7,655	$ 5,940,348	$ 910,865	$ 8,154,676	$ 6,788,873

COMMONWEALTH OF MASSACHUSETTS
COMBINING BALANCE SHEET - BUDGETARY BASIS
EXPENDABLE TRUST FUNDS (000's omitted)
June 30, 1987

	Expendable Trust	Authorities Deficiency	Unemployment Compensation	TOTALS 1987	TOTALS 1986
ASSETS					
Cash and Short-Term Investments	$ 157,640	$ -	$ -	$ 157,640	$ 114,694
Amount on Deposit with U.S. Treasury	-	-	1,058,990	1,058,990	973,941
Due from Cities and Towns	-	104,000	-	104,000	99,600
Total Assets	$ 157,640	$ 104,000	$ 1,058,990	$ 1,320,630	$ 1,188,235
LIABILITIES AND FUND EQUITY					
Liabilities:					
Deficiency in Cash and Short-Term Investments	$ -	$ 24,722	$ 100	$ 24,822	$ 121,988
Accounts Payable	7,487	-	-	7,487	
Notes Payable	-	104,000	-	104,000	99,600
Total Liabilities	7,487	128,722	100	136,309	221,588
Fund Equity:					
Reserved for Unemployment Benefits	-	-	1,058,890	1,058,890	974,047
Unreserved:					
Designated for Specific Purpose	150,153	(24,722)	-	125,431	(7,400)
Total Fund Equity (Deficit)	150,153	(24,722)	1,058,890	1,184,321	966,647
Total Liabilities and Fund Equity	$ 157,640	$ 104,000	$ 1,058,990	$ 1,320,630	$ 1,188,235

COMMONWEALTH OF MASSACHUSETTS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND EQUITY - BUDGETARY BASIS
EXPENDABLE TRUST FUNDS (000's omitted)
for the fiscal year ended June 30, 1987

	Expendable Trust	Authorities Deficiency	Unemployment Compensation	TOTALS 1987	TOTALS 1986
Revenues:					
Taxes	$ 11	$ -	$ 432,600	$ 432,611	$ 440,993
Assessments	-	241,982	-	241,982	111,644
Departmental	11,611	290	78,100	90,001	394,798
Other Revenue	90,667	2,124	-	92,791	33
Total Revenues	102,289	244,396	510,700	857,385	947,468
Expenditures:					
Judiciary	15	-	-	15	38
Executive	5	-	-	5	7
Secretary of the Commonwealth	-	-	-	-	3
Treasurer and Receiver-General	2	-	-	2	-
Auditor of the Commonwealth	-	-	-	-	202
Attorney General	153	-	-	153	26
District Attorney	5	-	-	5	-
Administration and Finance	9,915	305,222	-	315,137	393,563
Environmental Affairs	2,549	2,125	-	4,674	905
Communities and Development	6,242	-	-	6,242	1,693
Human Services	6,062	-	-	6,062	5,871
Transportation and Construction	1,693	-	-	1,693	1,347
Education	3,465	-	-	3,465	-
Higher Education	26,258	-	-	26,258	29,768
Public Safety	414	-	-	414	223
Economic Affairs	7,556	-	425,857	433,413	462,041
Elder Affairs	97	-	-	97	75
Consumer Affairs	186	-	-	186	7
Energy Resources	3,441	-	-	3,441	106
Labor	1,590	-	-	1,590	343
Independent Commissions	865	-	-	865	-
Total Expenditures	70,513	307,347	425,857	803,717	896,218
Excess (Deficiency) of Revenues Over Expenditures	31,776	(62,951)	84,843	53,668	51,250
Other Financing Sources (Uses):					
Increase in Notes Payable	-	-	-	-	2,600
Transfers In	3,939	160,217	-	164,156	-
Transfers Out	(150)	-	-	(150)	-
Total Other Financing Sources (Uses)	3,789	160,217	-	164,006	2,600
Excess of Revenues and Other Financing Sources Over Expenditures and Other Uses	35,565	97,266	84,843	217,674	53,850
Fund Equity (Deficit) at Beginning of Year	114,588	(121,988)	974,047	966,647	912,797
Fund Equity (Deficit) at End of Year	$ 150,153	$ (24,722)	$ 1,058,890	$ 1,184,321	$ 966,647

COMMONWEALTH OF MASSACHUSETTS
COMBINING BALANCE SHEET - BUDGETARY BASIS
PENSION TRUST FUNDS (000's omitted)
June 30, 1987

	State Employees Annuities	State Employees Retirement Military Accumulation	Teachers Annuities	Teachers Retirement Military Accumulation	Pension Reserve	TOTALS 1987	TOTALS 1986
ASSETS							
Cash and Short-Term Investments	$ 19,917	$ 11	$ 64,556	$ 1,191	$ 46,997	$ 132,672	$ 152,966
Investments	1,733,291	-	2,030,589	-	2,029,645	5,793,525	4,669,801
Due from Other Funds	-	-	-	-	14,151	14,151	245,006
Total Assets	$ 1,753,208	$ 11	$ 2,095,145	$ 1,191	$ 2,090,793	$ 5,940,348	$ 5,067,773
LIABILITIES AND FUND EQUITY							
Liabilities:							
Accounts Payable	$ 359	$ -	$ 2,351	$ -	$ -	$ 2,710	$ -
Due to Other Funds	-	-	-	-	196,267	196,267	119,222
Total Liabilities	359	-	2,351	-	196,267	198,977	119,222
Fund Equity:							
Reserved for Pension Benefits	1,752,849	11	2,092,794	1,191	1,894,526	5,741,371	4,948,551
Total Liabilities and Fund Equity	$ 1,753,208	$ 11	$ 2,095,145	$ 1,191	$ 2,090,793	$ 5,940,348	$ 5,067,773

COMMONWEALTH OF MASSACHUSETTS
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND EQUITY - BUDGETARY BASIS
PENSION TRUST FUNDS (000's omitted)
for the fiscal year ended June 30, 1987

	State Employees Annuities	State Employees Retirement Military Accumulation	Teachers Annuities	Teachers Retirement Military Accumulation	Pension Reserve	TOTALS 1987	TOTALS 1986
Revenues:							
Employee Contributions	$ 144,621	$ -	$ 103,513	$ -	$ 43,499	$ 291,633	$ 397,252
Investment Earnings	140,809	1	179,849	25	230,720	551,404	916,171
Total Revenues	285,430	1	283,362	25	274,219	843,037	1,313,423
Expenses:							
Education	-	-	43,663	-	-	43,663	42,334
Other Governmental Charges	63,442	2	-	-	77,045	140,489	180,997
Total Expenses	63,442	2	43,663	-	77,045	184,152	223,331
Net Income (Loss) Before Other Financing Sources (Uses)	221,988	(1)	239,699	25	197,174	658,885	1,090,092
Other Financing Sources (Uses):							
Transfers In	1,328	-	324	-	261,436	263,088	447,411
Transfers Out	(42,826)	-	(86,327)	-	-	(129,153)	(66,944)
Total Other Financing Sources (Uses)	(41,498)	-	(86,003)	-	261,436	133,935	380,467
Net Income (Loss)	180,490	(1)	153,696	25	458,610	792,820	1,470,559
Fund Equity at Beginning of Year	1,572,359	12	1,939,098	1,166	1,435,916	4,948,551	3,477,992
Fund Equity at End of Year	$ 1,752,849	$ 11	$ 2,092,794	$ 1,191	$ 1,894,526	$ 5,741,371	$ 4,948,551

COMMONWEALTH OF MASSACHUSETTS
COMBINING STATEMENT OF CHANGES IN FINANCIAL POSITION - BUDGETARY BASIS
PENSION TRUST FUNDS (000's omitted)
for the fiscal year ended June 30, 1987

	State Employees Annuities	State Employees Retirement Military Accumulation	Teachers Annuities	Teachers Retirement Military Accumulation	Pension Reserve	TOTALS 1987	TOTALS 1986
Sources of Financial Resources:							
Operations:							
Net Income (Loss)	$ 180,490	$ (1)	$ 153,696	$ 25	$ 458,610	$ 792,820	$ 1,470,559
Decrease in Due from Other Funds	-	-	-	-	230,855	230,855	-
Increase in Accounts Payable	359	-	2,351	-	-	2,710	-
Increase in Due to Other Funds	-	-	-	-	77,045	77,045	119,222
Total Sources of Financial Resources	180,849	(1)	156,047	25	766,510	1,103,430	1,589,781
Uses of Financial Resources:							
Increase in Investments	201,441	-	202,769	-	719,513	1,123,723	1,335,394
Increase in Due from Other Funds	-	-	-	-	-	-	245,006
Total Uses of Financial Resources	201,441	-	202,769	-	719,513	1,123,723	1,580,400
Increase (Decrease) in Cash and Short Term Investments	$ (20,592)	$ (1)	$ (46,722)	$ 25	$ 46,997	$ (20,293)	$ 9,381

COMMONWEALTH OF MASSACHUSETTS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES - BUDGETARY BASIS
AGENCY FUNDS (000's omitted)
for the fiscal year ended June 30, 1987

Agency Fund	Beginning Balance	Additions	Deletions	Ending Balance
Liabilities Due Depositors	$ 705,441	$ 155,283	$ 6,872	$ 853,852
Abandoned Property	22,296	9,761	7,531	24,526
Court Escrow Deposits	19,073	7,189	1,717	24,545
Payroll Withholdings	7,207	389,393	395,584	1,016
Other Agency Withholdings	12,436	7,070	12,580	6,926
Totals	$ 766,453	$ 568,696	$ 424,284	$ 910,865

COMMONWEALTH OF MASSACHUSETTS
TEN YEAR SCHEDULE OF REVENUES BY SOURCE - BUDGETARY BASIS
ALL GOVERNMENTAL FUND TYPES

(amounts expressed in millions)

	1987	%	1986	%	1985	%	1984	%	1983	%	1982	%	1981	%	1980	%	1979	%	1978	%
SOURCE:																				
Taxes	$ 8,147	65.5%	$ 7,511	65.0%	$ 6,424	64.1%	$5,660	67.6%	$4,992	64.4%	$4,637	64.4%	$4,194	62.1%	$3,830	60.4%	$3,521	60.7%	$3,209	60.1%
Federal Reimbursements	1,415	11.4%	1,379	11.9%	1,222	12.2%	1,161	13.9%	1,254	16.2%	1,208	16.8%	1,169	17.3%	1,115	17.6%	1,088	18.8%	952	17.8%
Federal Grants	812	6.5%	827	7.2%	758	7.6%	639	7.6%	618	8.0%	608	8.4%	687	10.2%	713	11.2%	597	10.3%	618	11.6%
Federal Revenue Sharing	-	-	-	-	-	-	-	-	2	-	2	-	36	0.5%	73	1.2%	76	1.3%	89	1.7%
Fees, Reimbursements, Sales, Etc.	585	4.7%	602	5.2%	535	5.3%	581	6.9%	562	7.2%	455	6.3%	400	5.9%	388	6.1%	307	5.3%	277	5.2%
Assessments	26	0.2%	24	0.2%	108	1.1%	100	1.2%	110	1.4%	100	1.4%	94	1.4%	95	1.5%	90	1.6%	84	1.6%
Motor Vehicle Licenses and Registrations	175	1.4%	151	1.3%	145	1.4%	128	1.5%	118	1.5%	111	1.5%	103	1.5%	65	1.0%	66	1.1%	59	1.1%
Lottery	1,276	10.3%	1,066	9.2%	831	8.3%	113	1.3%	98	1.3%	86	1.2%	75	1.1%	62	1.0%	52	0.9%	46	0.9%
Total Revenues	$12,436		$11,560		$10,023		$8,382		$7,754		$7,207		$6,758		$6,341		$5,797		$5,334	

* Amounts do not include the Debt Service Funds.

COMMONWEALTH OF MASSACHUSETTS
TEN YEAR SCHEDULE OF TAX REVENUES BY SOURCE - BUDGETARY BASIS
ALL GOVERNMENTAL FUND TYPES

(amounts expressed in millions)

	1987	%	1986	%	1985	%	1984	%	1983	%	1982	%	1981	%	1980	%	1979	%	1978	%
SOURCE:																				
Income	$3,996	49.1%	$3,628	48.3%	$3,159	49.1%	$2,790	49.3%	$2,472	49.5%	$2,324	50.2%	$2 058	49.1%	$1,860	48.5%	$1,631	46.2%	$1,434	44.6%
Sales and Use	1,866	22.9%	1,710	22.8%	1,438	22.3%	1,248	22.0%	1,052	21.1%	917	19.8%	860	20.5%	746	19.4%	718	20.4%	682	21.3%
Corporations	814	10.0%	802	10.6%	666	10.4%	577	10.2%	506	10.1%	498	10.7%	442	10.5%	439	11.5%	401	11.4%	333	10.4%
Motor Fuel	297	3.6%	289	3.8%	281	4.4%	275	4.9%	250	5.0%	269	5.8%	238	5.7%	212	5.5%	224	6.4%	217	6.8%
Cigarette	171	2.1%	174	2.3%	177	2.8%	170	3.0%	143	2.9%	145	3.1%	149	3.6%	144	3.8%	142	4.0%	143	4.5%
Insurance	221	2.7%	192	2.6%	164	2.6%	135	2.4%	135	2.7%	122	2.6%	114	2.7%	112	2.9%	105	3.0%	103	3.2%
Inheritance and Estate	223	2.7%	211	2.8%	154	2.4%	127	2.2%	112	2.2%	99	2.1%	82	2.0%	79	2.1%	75	2.1%	88	2.7%
Banks	229	2.8%	193	2.5%	140	2.2%	100	1.8%	114	2.3%	70	1.5%	77	1.8%	71	1.9%	55	1.6%	45	1.4%
Alcoholic Beverages	80	1.0%	80	1.0%	84	1.3%	84	1.5%	83	1.7%	84	1.8%	85	2.0%	80	2.1%	80	2.3%	80	2.5%
Other	250	3.1%	232	3.0%	161	2.5%	154	2.7%	125	2.5%	109	2.4%	89	2.1%	87	2.3%	90	2.6%	84	2.6%
Total Tax Collections	$8,147		$7,511		$6,424		$5,660		$4,992		$4,637		$4,194		$3,830		$3,521		$3,209	

* Amounts do not include the Debt Service Funds. Certain tax categories were restated in fiscal year 1986 per requirements of Chapter 62F, Massachusetts General Laws.

COMMONWEALTH OF MASSACHUSETTS
TEN YEAR SCHEDULE OF EXPENDITURES - BUDGETARY BASIS
ALL GOVERNMENTAL FUND TYPES

(amounts expressed in millions)

	1987	%	1986	%	1985	%	1984	%	1983	%	1982	%	1981	%	1980	%	1979	%	1978	%
TYPE OF EXPENDITURES:																				
State Aid	$3,794	29.1%	$3,299	29.6%	$2,950	30.2%	$2,628	30.4%	$2,421	29.9%	$2,246	29.4%	$2,016	27.8%	$2,009	29.6%	$1,687	25.3%	$1,468	27.4%
Laboratory, Medical and General Care	3,024	23.2%	2,845	25.5%	2,396	24.5%	2,258	26.1%	2,184	26.9%	2,148	28.1%	2,064	28.5%	1,867	27.5%	1,711	25.6%	1,437	26.8%
Salaries	2,181	16.7%	1,964	17.6%	1,767	18.1%	1,592	18.4%	1,440	17.8%	1,330	17.4%	1,256	17.3%	1,199	17.7%	1,030	15.4%	932	17.4%
Debt Service	517	4.0%	522	4.7%	482	4.9%	447	5.2%	403	5.0%	378	4.9%	439	6.1%	428	6.3%	1,021	15.3%	427	8.0%
Special Supplies and Expenses	1,450	11.1%	734	6.6%	626	6.4%	399	4.6%	377	4.7%	312	4.1%	327	4.5%	311	4.6%	362	5.4%	258	4.8%
Services, Non-Employees	391	3.0%	433	3.9%	384	3.9%	345	4.0%	327	4.0%	318	4.2%	293	4.0%	273	4.0%	169	2.5%	255	4.8%
Capital Outlay	474	3.6%	376	3.4%	304	3.1%	261	3.0%	353	4.5%	333	4.4%	321	4.4%	232	3.4%	228	3.4%	231	4.3%
Pension and Benefits	507	3.9%	401	3.6%	265	2.7%	237	2.7%	205	2.5%	187	2.4%	173	2.4%	156	2.3%	213	3.2%	123	2.3%
Heat and Other Plant Operations	90	0.7%	94	0.8%	106	1.2%	106	1.2%	99	1.2%	105	1.4%	104	1.3%	85	1.3%	60	0.9%	56	1.0%
Office and Administrative Expenses	102	0.8%	85	0.8%	86	0.9%	68	0.8%	60	0.7%	65	0.9%	50	0.7%	50	0.7%	38	0.6%	34	0.6%
Rentals	145	1.1%	113	1.0%	104	1.2%	88	1.0%	68	0.8%	63	0.8%	48	0.7%	39	0.5%	39	0.6%	44	0.8%
Repairs, Replacements and Alterations	100	0.8%	69	0.6%	82	0.8%	61	0.7%	48	0.6%	46	0.6%	48	0.7%	39	0.5%	37	0.6%	30	0.6%
Equipment	95	0.7%	67	0.6%	73	0.7%	37	0.4%	25	0.3%	24	0.3%	32	0.4%	27	0.4%	21	0.3%	11	0.2%
Travel and Automotive Expenses	52	0.4%	48	0.4%	42	0.4%	39	0.5%	27	0.3%	33	0.4%	30	0.4%	24	0.4%	20	0.3%	18	0.3%
Advertising	40	0.3%	32	0.3%	33	0.3%	25	0.3%	19	0.2%	17	0.2%	19	0.3%	18	0.3%	16	0.2%	11	0.2%
Food and Clothing	55	0.4%	43	0.4%	47	0.5%	43	0.5%	33	0.4%	21	0.3%	20	0.3%	20	0.3%	17	0.3%	16	0.3%
Farm and Grounds	16	0.1%	13	0.1%	11	0.1%	9	0.1%	11	0.1%	10	0.1%	7	0.1%	5	0.1%	8	0.1%	7	0.1%
Housekeeping Supplies and Expenses	8	0.1%	8	0.1%	8	0.1%	7	0.1%	7	0.1%	7	0.1%	6	0.1%	4	0.1%	3	0.0%	3	0.1%
Total Expenditures	$13,041		$11,144		$9,766		$8,650		$8,107		$7,643		$7,253		$6,786		$6,680		$5,361	

* Amounts do not include Debt Service Funds. Amounts in 1986 and prior years as reported by spending departments.

COMMONWEALTH OF MASSACHUSETTS
TEN YEAR SCHEDULE OF RATIO OF ANNUAL DEBT SERVICE EXPENDITURES
FOR GENERAL BONDED DEBT TO TOTAL EXPENDITURES - BUDGETARY BASIS
GENERAL FUND, SPECIAL REVENUE FUNDS, AND CAPITAL PROJECT FUNDS

(amounts expressed in millions)

Fiscal Year Ended June 30,	Total Debt Service (1)	Total Expenditures	Ratio
1987	517	13,041	4.0%
1986	522	11,397	4.6%
1985	482	10,132	4.8%
1984	447	8,970	5.0%
1983	403	8,433	4.8%
1982	378	7,881	4.8%
1981	439	7,153	6.1%
1980	428	6,788	6.3%
1979	1,021	6,903	14.8%
1978	427	5,526	7.7%

(1) Debt Service figures include principal and interest payments related to general obligation long-term debt and minibonds.

COMMONWEALTH OF MASSACHUSETTS
PER CAPITA LONG-TERM DEBT
LAST TEN FISCAL YEARS

(amounts expressed in thousands)

Fiscal Year Ended June 30,	Estimated Population (1)	Total Long Term Debt	Per Capita Long-Term Debt
1987	5,845	$3,825,968	$0.654
1986	5,832	$3,676,997	$0.630
1985	5,819	$3,424,647	$0.589
1984	5,792	$3,346,600	$0.578
1983	5,762	$3,181,610	$0.552
1982	5,744	$2,920,486	$0.508
1981	5,753	$2,812,483	$0.489
1980	5,743	$2,828,895	$0.493
1979	5,746	$2,850,906	$0.496
1978	5,743	$2,839,305	$0.494

(1) Source: U.S. Department of Commerce, Bureau of Economic Analysis

* Total Long-Term Debt does not include discount.

COMMONWEALTH OF MASSACHUSETTS
MASSACHUSETTS AND U.S. POPULATION 1977-1986 (in thousands)

YEAR	United States	Change	Massachusetts	Change	Massachusetts as % of U.S.
1986	241,078	1.0%	5,832	0.2%	2.42%
1985	238,741	1.0%	5,819	0.5%	2.44%
1984	236,477	0.9%	5,792	0.5%	2.45%
1983	234,284	1.0%	5,762	0.3%	2.46%
1982	231,996	1.0%	5,744	-0.2%	2.48%
1981	229,637	1.0%	5,753	0.2%	2.51%
1980	227,255	1.2%	5,743	-0.1%	2.53%
1979	224,569	1.1%	5,746	0.1%	2.56%
1978	222,096	1.1%	5,743	0.0%	2.59%
1977	219,761	NA	5,744	NA	2.61%

Source: U.S. Department of Commerce, Bureau of Economic Analysis.

COMMONWEALTH OF MASSACHUSETTS
NON-AGRICULTURAL EMPLOYMENT BY INDUSTRY
IN MASSACHUSETTS AND THE UNITED STATES FOR 1986 (in thousands)

TYPE OF INDUSTRY	MASS	% OF MASS TOTAL	U.S.	% OF U.S. TOTAL	MASS % vs U.S. %
Manufacturing:	619	20.8%	19,186	19.2%	1.08
Durable Goods	415	13.9%	11,345	11.3%	1.23
High Technology	251	8.4%	NA	NA	NA
Nondurable Goods	204	6.8%	7,841	7.8%	0.87
Nonmanufacturing:	2,362	79.2%	80,981	80.8%	0.98
Construction	121	4.1%	4,960	5.0%	0.82
Transportation	125	4.2%	5,286	5.3%	0.79
Trade	703	23.6%	23,831	23.8%	0.99
Wholesale	159	5.3%	5,853	5.8%	0.91
Retail	544	18.3%	17,978	17.9%	1.02
Financial Services	203	6.8%	6,305	6.3%	1.08
Other Services	822	27.6%	23,864	23.8%	1.16
Government	388	13.0%	16,735	16.7%	0.78
Federal	59	2.0%	2,899	2.9%	0.69
State and Local	329	11.0%	13,836	13.8%	0.80
Totals for 1986	2,981	100.0%	100,167	100.0%	1.00

Sources: The Commonwealth of Massachusetts, Division of Employment Security.
The Commonwealth of Massachusetts, Department of Manpower Development.

NA: Not available.

COMMONWEALTH OF MASSACHUSETTS
TEN LARGEST INDUSTRIES BY NUMBER OF EMPLOYEES
as of September, 1987

INDUSTRY	Number of Employees
Services	861,500
Wholesale and Retail Trade	724,000
Manufacturing: Durable Goods	402,300
Local Government	224,000
Finance, Insurance and Banking	216,700
Manufacturing: Nondurable Goods	198,900
Construction	136,800
Transportation	130,300
State Government	100,600
Federal Government	58,300

Source: Massachusetts Division of Employment Security.

COMMONWEALTH OF MASSACHUSETTS
ANNUAL AVERAGE CIVILIAN LABOR FORCE, UNEMPLOYMENT AND UNEMPLOYMENT RATES
FOR MASSACHUSETTS AND THE U.S., 1977-1987, in thousands

	MASSACHUSETTS			UNITED STATES			
YEAR	Labor Force	Unemployment	Unemployment Rate	Labor Force	Unemployment	Unemployment Rate	Massachusetts' Rate as % of U.S. Rate
1987*	3,071	101	3.3%	119,618	7,520	6.3%	52.3%
1986	3,051	117	3.8%	117,834	8,237	7.0%	54.9%
1985	3,050	120	3.9%	115,461	8,312	7.2%	54.7%
1984	3,047	145	4.8%	113,544	8,539	7.5%	63.3%
1983	2,977	205	6.9%	111,550	10,717	9.6%	71.7%
1982	2,993	237	7.9%	110,204	10,678	9.7%	81.7%
1981	2,947	187	6.3%	108,670	8,273	7.6%	83.4%
1980	2,867	162	5.7%	106,940	7,637	7.1%	79.1%
1979	2,871	159	5.5%	104,962	6,137	5.8%	94.7%
1978	2,816	171	6.1%	102,251	6,202	6.1%	100.1%
1977	2,753	223	8.1%	99,009	6,991	7.1%	114.7%

Sources: The Commonwealth of Massachusetts, Division of Employment Security.
The Commonwealth of Massachusetts, Department of Manpower Development.
U.S. Department of Labor, Bureau of Labor Statistics, unpublished data sources.

* 1987 figures are for the first 9 months of the calendar year.

COMMONWEALTH OF MASSACHUSETTS
MASSACHUSETTS' 25 LARGEST EMPLOYERS *
in alphabetical order

A.T.& T. TECHNOLOGIES, INC.
BANK OF BOSTON
BLUE CROSS BLUE SHIELD OF MASSACHUSETTS
BOSTON UNIVERSITY
DIGITAL EQUIPMENT CORPORATION
FEDERATED DEPARTMENT STORES, INC.
FRIENDLY ICE CREAM CORPORATION
GENERAL ELECTRIC COMPANY
HARVARD UNIVERSITY
HONEYWELL INFORMATION SYSTEMS, INC.
JEWEL COMPANY
JOHN HANCOCK MUTUAL LIFE INSURANCE COMPANY
JORDAN MARSH COMPANY
MASSACHUSETTS GENERAL HOSPITAL
MASSACHUSETTS INSTITUTE OF TECHNOLOGY
NEW ENGLAND TELEPHONE & TELEGRAPH COMPANY
POLAROID CORPORATION
RAYTHEON COMPANY
SEARS, ROEBUCK & COMPANY
SHORES' SUPERMARKETS, INC.
STATE STREET BANK & TRUST COMPANY
THE STOP & SHOP COMPANIES, INC.
SUPERMARKET GENERAL CORPORATION
WANG LABORATORIES, INC.
ZAYRE CORPORATION

Source: Massachusetts Division of Employment Security.

* by number of Massachusetts employees, as of June, 1987.

This financial report is submitted to the General Court in compliance with section 4 and section 12 of chapter 7A of the General Laws. Detailed information relating to these statements will be contained in Public Document 140 which will be filed at a later date with the Secretary of State as required.

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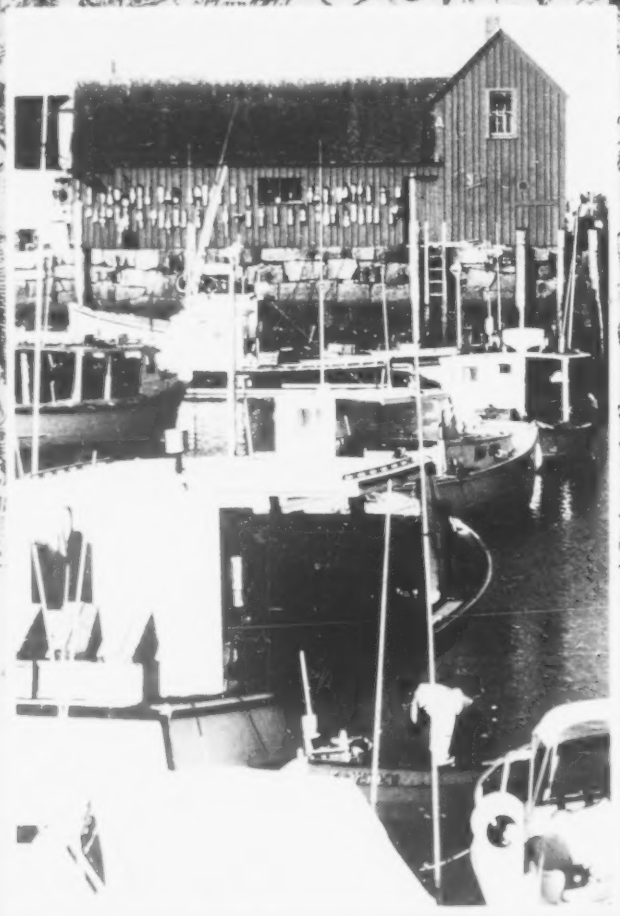
N E W

VERMONT



MASSACHUSETTS

Drawn by S. Lewis. Tanner Sc.

SCALE